Cantel 96

strong brands

superior technology

exceptional service

convenient distribution

CANTEL

Rogers Cantel Mobile Communications Inc.

1996 Annual Report

Cantel® is making the transition to a new phase of growth.

We're finding new ways to connect with our next generation of customers. We're maintaining the loyalty of those we already serve. And we're building the future with all the right tools – strong brands, superior technology, exceptional service and convenient distribution.

Stanley J. Kabala
Chief Executive Officer
Rogers Cantel Mobile
Communications Inc.

To Our Shareholders

Four quarters of consistently strong growth in 1996 demonstrated Cantel's ability to operate with discipline and efficiency. Revenue increased 23 percent to cross the one billion dollar threshold, while operating income before depreciation and amortization rose 12 percent to $342 million.

We added 320,200 new cellular subscribers in 1996 – more than a 30 percent increase in a single year. Yet the entire wireless industry serves just 12 percent of potential customers in Canada. Cantel customers used their phones more than ever before. Yet wireless communications still represent only one percent of the average consumer's total communications use.

The opportunity for Cantel to free Canadians from wired communications is enormous. Most industry analysts forecast that by the year 2005, the cellular industry will serve more than 40 percent of Canadians, and that wireless will satisfy a much greater portion of the average household's communications needs. The question is, How will Cantel make the most of its opportunity?

Not the same old way

The attributes that served Cantel so well in its first 11 years are simply not sufficient for success in its next period of development. In the first phase of industry growth, Cantel provided the early adopters of cellular technology with the attributes they wanted most: innovative technology, rapid product rollouts and simple availability of service. Our service was not flawless, but we were the first to cover key routes, the first to provide digital technology, the first to offer enhanced features, and the first to package products for the consumer market.

With $1.1 billion in revenues and more than 1.6 million subscribers, Cantel is no longer a small company in the early stages of the wireless industry. Together, Cantel and the Canadian wireless industry have entered the next phase of growth. This next phase requires that Cantel serve a new and much broader base of potential customers. These customers want strong brands that stand for reliability. They demand simple technology that functions flawlessly. They expect customer service that is exceptional. They want to buy a wireless package in a way that is most convenient for them and where they shop. In other words, the enormous market opportunity in wireless is driven by the enormous expectations of wireless carriers. In 1996, Cantel embraced a fundamental plan to meet those expectations. The Company re-oriented itself from working as a subscriber acquisition-based organization to a customer loyalty and satisfaction driven organization with a clear view to achieving profitable growth.

Meeting expectations with strong alliances

During 1996 we refined our ability to deliver what consumers expect of us. We own the strongest national wireless service brand in Canada – Cantel. To meet the needs of new consumers, we combined our Cantel brand, with its reputation for innovation and technology, with the AT&T™ brand, which is the world's most recognized telecommunications brand and a global symbol of leading technologies, quality, reliability, and exceptional customer service. The powerful Cantel® AT&T™ co-brand is a key component of our strategy, not only to accelerate subscriber growth, but also to build loyalty in our existing subscriber base.

We also have to sell our products and services to new customers in a way that makes sense to them. We recognized that our own distribution channel would not be optimal in serving these customers. We needed a skilled retailer who could sell our services where people shop for a wide variety of items.

RadioShack Canada was an ideal choice as a Cantel partner. Their sales professionals are skilled at selling wireless, and they have state-of-the-art retail systems. In mid-1996 we entered into an agreement with RadioShack to open over 100 retail stores in major malls across Canada. Branded Cantel, (and soon to be Cantel AT&T), the stores are run with the retail expertise of RadioShack. In addition, RadioShack represents Cantel cellular, PCS and paging products exclusively

The powerful Cantel® AT&T™ co-brand is a key component of our strategy, not only to accelerate subscriber growth, but also to build loyalty in our existing subscriber base.

in over 450 corporate-owned RadioShack stores and increasingly in its 400 affiliate stores. We believe this distribution strategy is an excellent match for our branding initiatives, and should enable us to increase customer satisfaction while lowering our cost of activations.

Keeping pace with customers

With more than 1.6 million increasingly demanding business and consumer customers, it is critical that Cantel focuses its attention on satisfying and retaining its existing base.

In 1996, we made a substantial investment in improved customer service. We opened an additional call centre, instituted regular customer satisfaction surveys and made our contract renewal process more proactive and friendly. In 1997, we'll introduce a variety of loyalty programs as well as customer surveys at all Cantel points of distribution. We are also confident that the Cantel AT&T co-brand itself will encourage customer retention, and we intend to actively support the co-brand by learning 'best practices' from AT&T on building and maintaining an outstanding customer service culture.

Serving customers also means contributing towards the well-being of society. From our engineers to our service representatives, Cantel people are deepening their understanding every day of what it takes to keep our customers happy. This extends beyond their direct business relationship to volunteer support of local communities where they work and live. Though we are a young company, we are part of the fabric of Canada, and that is a responsibility each of us takes seriously.

Offering the products people want to buy

Cantel has a proud history of being the first to offer customers new products and services – from VoiceCommand™ to Directory Assistance Call Completion to Amigo®. Last year, we began to roll out the next wave of new products and services on Cantel's advanced digital network. In November 1996, we again led the Canadian wireless industry with the introduction of Digital Personal Communications Services ("PCS") in Montreal. Just weeks later, we responded to a competitor's initial offering with a sophisticated zone pricing strategy. Our "Montreal and More" plan matched price points in the limited area the competitor offered its service. We then offered enhanced Digital PCS features over a substantially broader service area at a price more reflective of the value of

coverage. This competitive advantage of the Cantel network is virtually impossible for any new entrant to the market to duplicate.

A key part of our alliance with AT&T is sharing developments in technology and marketing. We are working with AT&T's subsidiary, AT&T Wireless Services Inc., to develop and introduce a series of value-added services. In one initiative, customers will be able to use a single handset to communicate with two home areas effortlessly, one in Canada and another in the United States. In time, we will use our advanced network and AT&T relationship to serve increasingly specific needs of wireless users with bundled packages of cellular, paging and wireless data.

Competition is a good thing

Last year, we welcomed two new competitors to our markets. We mean "welcomed," because we believe more competition is good for the industry and good for Cantel. Experience in the United Kingdom, and in selected U.S. markets, has shown that new entrants have led to more advertising, which in turn has sparked more awareness among consumers of the advantages of wireless.

We believe that with the exceptional management team and dedicated support staff we have in place, and with our focus on those attributes consumers demand – strong brands, ease of purchase, simple technology and outstanding customer service – we will lead potential customers to Cantel. Those attributes will also help us retain the loyalty of the existing customers who are our lifeblood, and will propel Cantel to even stronger results in the coming year.

Stanley J. Kabala
Chief Executive Officer

Financial Review

1996

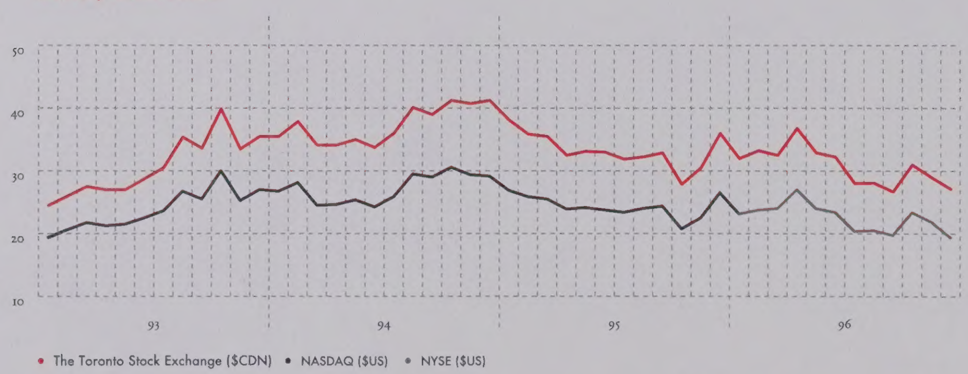
Financial Highlights

Rogers Cantel Mobile Communications Inc.

Years ended December 31 (In millions of dollars)	1996	1995
Income Statement		
Revenue	$ 1,102.9	$ 899.5
Operating income before depreciation and amortization, and non-recurring charges	342.3	306.9
Loss for the year	(67.6)	(42.9)
Net income (loss) for the year, before non-recurring items	17.3	(8.9)
(In dollars)		
Per Share Data		
Loss for the year	$ (0.72)	$ (0.46)
Net income (loss) for the year, before non-recurring items	0.18	(0.09)
Cash flow from operations[1]	2.39	2.04
(In millions of dollars)		
Changes in Financial Position		
Cash flow from operations[1]	$ 224.3	$ 191.9
Capital expenditures	553.8	185.6
As at December 31 (In millions of dollars)		
Balance Sheet		
Total assets	$ 1,763.9	$ 1,290.7
Fixed assets (net)	1,320.6	963.2
Long-term debt	1,589.3	1,109.8
Shareholders' deficiency	(141.2)	(106.2)

[1] Cash flow from operations before changes in working capital amounts.

Monthly Share Prices



Management's Discussion and Analysis

For purposes of this discussion, financial figures have been segmented into "Cellular Services" and "Other." The results of Cellular Services include revenue and operating expenses associated with the cellular business. Cellular Services revenue includes airtime usage, monthly basic service fees, long distance charges, optional service charges, system access fees and roaming charges. The "Other" operating income before depreciation and amortization includes Paging Services, Wireless Data Services and Equipment Sales. Equipment Sales includes the sale of hardware, both to Cantel's independent dealers and agents and to customers via direct channels. Monthly measures per subscriber for 1996 have been calculated on a 13-point basis. For comparative purposes, the monthly measures per subscriber have been restated from a 2-point basis, as presented in the 1995 annual report, to a 13-point basis.

At December 31, 1996, Cantel had opened 72 of the mall stores and completed "Cantel Express" sections in all of the corporate RadioShack locations. Cantel anticipates that consumer activations through this new retail store channel will be at a considerably lower cost than in other channels.

a. Operations and Financial Review

Years ended December 31 (In thousands of dollars)	1996	1995	% Change
Financial Overview			
Revenue			
Cellular Services	$ 935,925	$757,993	23.5 %
Equipment Sales	113,677	89,435	27.1 %
Paging and Data Services	53,543	52,436	2.1 %
Interdivisional Eliminations	(291)	(343)	15.2%
Total	$ 1,102,854	$ 899,521	22.6%
Operating Income(1)			
Cellular Services	$ 339,456	$300,819	12.8 %
Other	2,806	6,115	(54.1)%
Total	$ 342,262	$306,934	11.5 %
Operating Income(1) as a % of Revenue			
Cellular Services	36.3%	39.7%	
Other	1.7%	4.3%	
Total	31.0%	34.1%	
Capital Expenditures	$ 553,826	$ 185,550	198.5%

(1)Before non-recurring charges and, depreciation and amortization, but after management fees.

Summary

Total revenue increased $203.3 million or 22.6% to reach $1.1 billion in 1996 compared to $899.5 million in 1995. Operating income before non-recurring charges and depreciation and amortization was $342.3 million in 1996, an increase of $35.3 million or 11.5% from $306.9 million in 1995.

The slower growth in year-over-year operating income before non-recurring charges and depreciation and amortization as compared to revenue is attributable to two key factors:

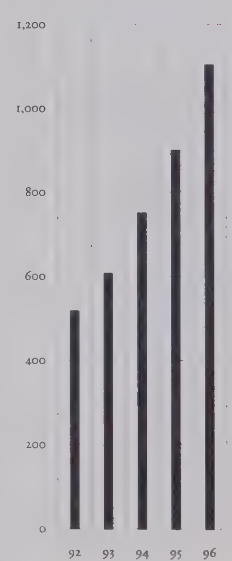
a. Cellular customer additions, net of disconnects, were 320,200 in 1996, an increase of 64,700 or 25% over 1995. The growth in customer additions drove an increase in sales and marketing expenses. The year-over-year growth in operating income before non-recurring charges and depreciation and amortization would have been 21% had customer net additions been at the same level as 1995.

b. In prior years, the year-over-year decline in revenue per subscriber (1996 – 9.6%) was more than offset by reductions in expenses per subscriber. In 1996, this was not the case as operating expenses per subscriber per month before acquisition costs decreased by approximately 4.5% year-over-year, however, the cost of acquisition per gross addition increased 11.2% year-over-year.
   i. The Company invested heavily in 1996 in its customer service capabilities as part of the strategy to dramatically improve customer satisfaction and loyalty.
   ii. As a result of changes to credit policies and collection timelines in the fourth quarter of 1995 and the first quarter of 1996, Cantel experienced an increase in bad debt expense and the cost to collect.
   iii. Selling costs per gross addition increased from $474 in 1995 to $527 in 1996, an 11.2% year-over-year increase driven by increased hardware subsidies and low productivity in certain channels of distribution.

Management has implemented plans to address each of these cost issues, as discussed below.

Cellular Services revenue in 1996 totalled $935.9 million, up $177.9 million or 23.5% from the prior year's total of $758.0 million. This increase was due to the growth in cellular subscribers year-over-year, including the continued growth of the consumer and safety segment which generates lower revenue per subscriber. The subscriber growth resulted in an increase in monthly fee, local airtime, and long distance revenue of $167.9 million.

Total Revenue
($ in millions)



Distribution Strategy

In the second quarter, Cantel and RadioShack Canada ("RadioShack") entered into a key strategic agreement, whereby Cantel committed to build approximately 100 retail stores in major shopping centres in Canada. RadioShack agreed to manage the majority of these stores, with the remainder being run by independent Cantel dealers. These Cantel mall stores, primarily completed in late 1996, feature Cantel's products and services, along with RadioShack's products and accessories. In addition, RadioShack agreed to feature and sell Cantel products and services exclusively in its 450 corporate stores, through the development of "Cantel Express" sections (i.e. store within a store concept) in these locations. This was a significant victory for Cantel in securing the largest single retailer of cellular service in Canada on a long-term exclusive basis.

At December 31, 1996, Cantel had opened 72 of the mall stores and completed "Cantel Express" sections in all of the corporate RadioShack locations. Cantel anticipates that consumer activations through this new retail store channel will be at a considerably lower cost than in other channels. As many of the mall stores were opened late in 1996, Cantel did not realize the full benefit on its cost of acquisition in 1996.

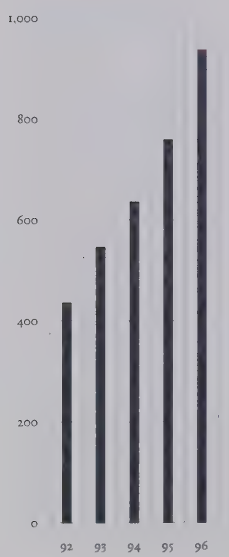
Coinciding with the rollout of the mall stores was the decision to either close or transfer to affiliate dealers all of Cantel's owned store locations. In 1985, Cantel pioneered the "service centre" concept store, designed to service primarily small and medium sized businesses and provide in-car phone installations. With the bulk of new growth coming from the consumer segment and with the predominance of portable phones sales, Cantel recognized the need to increase its focus on retail distribution. The location of the owned stores in industrial areas and business parks and the configuration of the stores toward an in-car installation format resulted in a very high cost of acquisition. The closing or transfer of these stores will substantially reduce selling expenses in 1997. The RadioShack agreement provides to Cantel a partner with strong retail experience, delivering high quality customer service at relatively low cost.

Cantel is now marketing its wireless services under the CANTEL® AT&T™ co-brand name. This agreement will allow for seamless availability of the wireless services Cantel and AT&T Wireless Services Inc., including Digital PCS, throughout North America.

Strategic Alliances

In the fourth quarter, Cantel and AT&T Canada Enterprises Inc. ("AT&T") announced a long-term strategic alliance that includes the licensing of the AT&T brand to Cantel for use in connection with the marketing of its mobile wireless service, and a technology and marketing agreement with AT&T Wireless Services, Inc. ("AWS"). Cantel is now marketing its wireless services under the Cantel® AT&T™ co-brand name. The agreement will allow for seamless availability of the wireless services offered by Cantel and AWS, including Digital PCS, throughout North America. The development of new services and products is one area where considerable cost advantages can be delivered with economics of scale. The technology sharing agreement with AWS will greatly facilitate this objective.

Total Cellular Revenue
($ in millions)



Revenue and Usage

Although total cellular revenue increased during the year, the trend towards lower monthly revenue per subscriber continued, with a 9.6% decline from $73 in 1995 to $66 in 1996. This revenue per subscriber per month decline was expected and primarily reflects the growth of the consumer segment within the customer base.

Average monthly airtime usage per subscriber increased to 208 minutes in 1996 from 168 minutes in 1995. This 23.8% year-over-year increase in usage reflects the promotion of price packages which bundle evening and/or weekend usage at a fixed monthly service fee or nominal per minute rates. Prior to 1996, the objective of offering evening and weekend airtime at attractive rates was to promote personal cellular usage, which in turn stimulated the consumer segment of the market. At that time, there was considerable network excess capacity available. With the growth in the consumer market, peak usage on the Cantel network shifted from traditional day-time business

hours to the early evening hours. In November 1996, Cantel introduced the "Amigo Action™" plan which includes 100 weeknight minutes, down from the ceiling of 600 minutes introduced in April 1996, and the unlimited minutes offered from the inception of Amigo in April 1994. Cantel believes this will allow the network demands from consumer subscribers and the related cost of network capacity for consumer subscribers to remain within the boundaries required for both profitable and rapid growth of the consumer segment. The 100 minute ceiling did not slow sales in the 1996 fourth quarter as over 70,000 subscribers signed up for this plan.

Customer Retention

A key area of focus for Cantel in 1996 was to reduce the percentage of its subscriber base that disconnect or "churn." Churn averaged 1.69% in 1996, compared to the 2.12% average monthly churn experienced through 1995. Cantel completed an initiative involving the telemarketing of month-to-month Amigo subscribers to convert them to term contracts ranging from 18 to 36 months. By the end of 1996, substantially all of the Amigo customer base had entered into term contracts of at least one year. All new Amigo activations in 1996 required a term contract of at least one year.

In 1996, contract renewal procedures were strengthened. All customers due for contract renewal were contacted through direct mail several months prior to the expiration of their contracts. Outbound telemarketing campaigns were then initiated to renew existing business customers and to "win back" subscribers who had recently deactivated. In 1996, over 335,000 renewals were completed as a result of telemarketing campaigns, with approximately 196,000 of these being completed in the final four months of 1996.

In the fourth quarter, Cantel opened a new incoming call centre in Calgary, Alberta, designed to meet our customers' regional requirements in Alberta, Saskatchewan, and Manitoba. Additional in-bound call centres are planned for Ottawa and Kitchener, Ontario, in order to handle the large customer base in Ontario and maintain the responsiveness of our customer service. The Toronto, Ontario, outbound call centre was fully operational in 1996 and is used for outbound customer contact programs aimed at retention, renewal and value added campaigns.

With a customer base which now exceeds 1.6 million wireless subscribers, management recognizes the need to balance the traditional industry focus on acquiring new customers with a greater emphasis on existing customers, their satisfaction and loyalty. Small improvements in key operating measures such as churn, revenue per subscriber or operating cost per subscriber can yield significant increases in profitability. In 1997, Cantel will alter the balance of resources between acquisition and retention with the aim of dramatically improving customer satisfaction. These processes will be assisted by:

i) ongoing customer satisfaction surveys,
ii) linking internal compensation with customer satisfaction, and
iii) information systems that will support our efforts to tailor and promote new and existing services to meet customer needs.

Subscriber Acquisition

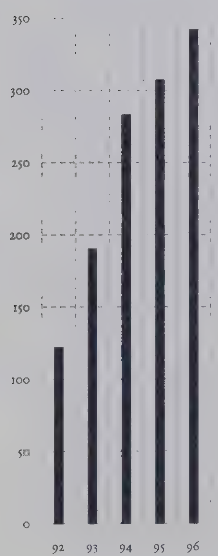
Cantel added 320,200 new cellular subscribers in 1996, net of disconnects, ending the year with 1,369,600 subscribers, a 30.5% increase from 1,049,400 at December 31, 1995. Cantel was particularly successful in increasing activations in the consumer segment through mass media advertising and wide distribution. The chart on page 23 provides a breakdown of the cumulative subscriber base for the past five years by segment. Cantel estimates that during 1996, its cellular penetration of the population served in Canada increased by approximately 1.16 percentage points to reach 5.16% at year-end. Cantel estimates that it has also increased its cellular service coverage of the Canadian population to approximately 92% at December 31, 1996 from approximately 90% at December 31, 1995.

With a customer base which now exceeds 1.6 million wireless subscribers, management recognizes the need to balance the traditional industry focus on acquiring new customers with a greater emphasis on existing customers, their satisfaction and loyalty.

In 1996, Cantel began to offer a number of bundled products and services which will be further expanded in 1997. A new billing system capability was developed that allows the bundling of more than one customer on a single invoice. Cantel's "2-in-1" offer, which was re-launched in the fourth quarter, is an example of this. The plan allows for an additional customer to activate on a current customer's plan at a low monthly rate. Both the existing customer and the new customer are required to commit to new three year term plans. This has proven to be very successful, both in the acquisition of new customers and as an effective method of reducing churn. In addition, the bundling of cellular and paging services under the same plan was expanded and will be continued in 1997 with other bundles from adjacent value chains.

On November 8, 1996, Cantel became the first company in Canada to launch Digital PCS. The services launched included Text and Numeric Messaging, Caller ID, and Visual Call Waiting. Added benefits include longer battery life, greater call security and exact second billing. The launch in Montreal was followed six weeks later by "Montreal and More" – zone based pricing which features discounted rates within a small geographical zone and differential rates for broader coverage. Cantel's broad geographical coverage for both analog and Digital PCS, as well as its customer management system enhancements, make this type of offer possible and difficult for other competitors to match.

Total Operating Income*
($ in millions)
**before depreciation and amortization and non-recurring charges*



Paging

Paging Services revenue increased to $53.0 million, up $0.6 million or 1.1% in 1996, from $52.4 million in 1995. Subscriber growth of 41,000 or 20.3%, brought the total number of paging subscribers to 242,800 at December 31, 1996, from 201,800 at December 31, 1995. Although subscriber growth was strong, the modest revenue growth is partially attributed to declining paging service prices. In addition, there is a significant trend away from the use of rental pagers to the sale of pagers to customers. The rental business model involved a higher monthly service fee to compensate for the use of the pager. Average monthly revenue per paging subscriber declined to $18, down $3 or 14.3% in 1996, from $21 in 1995. Through a number of churn management programs, such as customer telemarketing and major account renewals, paging average monthly churn was reduced to 2.98% in 1996 from 3.48% in 1995.

The U.S. industry provides insight as to how Cantel can grow its paging business:

- Overall, U.S. paging penetration is significantly higher than Canadian penetration, clearly indicating that there is a demand for these services.
- The U.S. market demonstrates a considerable degree of "cross-over" penetration wherein customers have both paging and cellular services. Cantel has opportunities to drive this cross-over penetration at low cost by marketing into its existing wireless customer base and by eliminating duplicate customer care, collection and billing costs which arise from managing stand alone paging and cellular customers.

Other Revenue

Revenue from Equipment Sales reached $113.7 million, up $24.3 million or 27.1% from $89.4 million in the prior year. The increase is due primarily to an increase in the volume of hardware sales, particularly in the fourth quarter. The increase was partially offset by substantial reductions in hardware prices as a result of increased competition among hardware manufacturers. The average cost of portable analog handsets declined more than 20% through 1996.

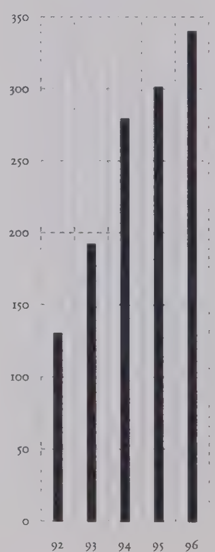
Operating Costs

Cellular operating expenses (including cost of sales) of $596.5 million increased by $139.3 million or 30.5% over the prior year's expenses of $457.2 million. This increase was driven by higher sales and marketing costs per gross subscriber addition of $527 in 1996, 11.2% over the 1995 levels of $474.

The increase in sales and marketing expenses per gross subscriber addition was due primarily to the increase in customers who activated on a plan which included a phone. The 1996 sales and marketing costs include the amortization of deferred subscriber telephone costs of $63.7 million in 1996, compared to $13.6 million in 1995. A number of changes made in 1996 will enable Cantel to reduce sales and marketing costs per gross subscriber in 1997. First, the tranfer or closure of our corporate stores and the significant reduction in the size of our direct sales force essentially eliminated two of our higher cost sales channels. The sales responsibilities for these channels were transferred to our dealer channel and the mall stores. In addition, Cantel had some success in 1996 using direct response distribution channels such as infomercials. This is one of Cantel's lowest cost channels and will be further developed in 1997.

Cellular monthly operating expenses per average subscriber, excluding sales and marketing costs, decreased $1 to $21 per month in 1996, compared to $22 per month in 1995. The moderate decline was impacted by increases in customer service costs in order to improve service levels and an increase in credit and collection costs. Management believes the investments in quality of service will yield improvements to both customer satisfaction as well as to operating costs, while more stringent credit policies and collection timelines should bring non-payment churn and bad debt expense back to the lower levels experienced before 1996.

Cellular Services Operating Income*
($ in millions)
**before depreciation and amortization and non-recurring charges*



Operating Income

Operating income before non-recurring charges and depreciation and amortization from Cellular Services was $339.5 million in 1996, an increase of $38.7 million or 12.9% from $300.8 million in the prior year. Cellular services operating income before non-recurring charges and depreciation and amortization as a percentage of cellular revenues ("operating margin") declined to 36.3% from 39.7% in the prior year. The reduction in operating margin is primarily due to:

i) the decline in operating revenue per subscriber as lower revenue consumer subscribers are added to the customer base,
ii) an increase in sales and marketing costs both in aggregate due to significant subscriber growth and on a per activation basis because of an increase in new subscribers who activated on plans which included phones, and
iii) a slower decline in operating expenses per subscriber due to an increased emphasis on customer service and credit and collection procedures.

Cantel became the first company in Canada to launch Digital Personal Communications Services. The services launched included Text and Numeric Messaging, Caller ID, and Visual Call Waiting. Added benefits include longer battery life, greater call security and exact second billing.

The operating income before depreciation and amortization from Other operations of $2.8 million in 1996 decreased $3.3 million from $6.1 million in 1995. This decline was due to reduced profitability in Paging Services primarily from competitive pricing pressure, as well as increased losses in equipment sales.

Fixed Charges

Depreciation and amortization was $207.1 million in 1996, an increase of $6.3 million or 3.1% from $200.8 million in the prior year. This increase included a $5.3 million charge to depreciation related to corporate store closures.

Interest expense was $114.9 million in 1996, an increase of $2.6 million or 2.3% from $112.3 million in the prior year due to the higher average level of long-term debt (see Sections c and d of this discussion for details on Liquidity and Financial Instruments).

Non-Recurring Charges

During the year, Cantel recorded write-downs totalling $84.9 million. In the second quarter, Cantel completed the issue of over US$800 million of senior debt. Proceeds from these securities were used to purchase 100% of the outstanding US$460 million 10¾% Notes due 2001, the majority of which were tendered pursuant to an offer to purchase, to repay all outstanding bank indebtedness, and for general corporate purposes. The purchase and redemption of the US$460 million Notes resulted in a non-recurring charge of $64.6 million relating to the write-off of deferred foreign exchange losses, deferred financing costs and the premium and commissions on redemption. Approximately half of the charge was non-cash.

In the third quarter, a non-recurring, non-cash write-down of $16.7 million was taken for first generation (IS-54) Time Division Multiple Access ("TDMA") digital telephones to their net realizable value. This charge was taken to account for the arrival of enhanced, feature-rich TDMA (IS-136) digital telephones in 1997.

Also in the third quarter, a non-recurring cash charge of $3.6 million was recorded for exit costs related to the closure of corporate store operations. With the move from in-car installations to portable phones and the importance of retail distribution to the consumer segment, the corporate stores became a high cost distribution channel.

Loss

Cantel's net income for the year, excluding $84.9 million for the write-down of non-recurring charges, increased to $17.3 million in 1996 from a loss excluding non-recurring charges of $8.9 million in 1995. Including non-recurring charges, Cantel reported a loss of $67.6 million in 1996.

Staffing

At December 31, 1996, staff levels had increased by 385 to reach 3,155 full and part-time employees from 2,770 at December 31, 1995, due primarily to growth in the business and efforts to enhance customer service. Total remuneration increased to $133.2 million in 1996 from $111.3 million in 1995.

Capital Expenditures

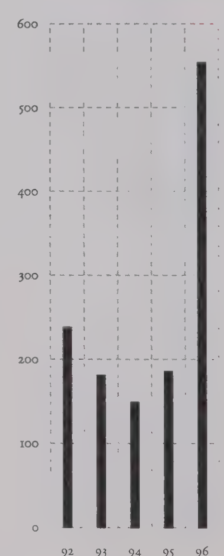
Capital expenditures in 1996 were $553.8 million, up $368.2 million or 198.5% from $185.6 million in 1995. Of this total, 74.5% was for implementation of increased network capacity, new coverage, and increased signal strength in existing coverage areas. The remaining 25.5% was for general capital expenditures, including information technology, call centres and mall stores. The 1996 capital expenditure figure also includes $57.8 million spent on the purchase, development of, and relocation to the new offices at One Mount Pleasant Road, Toronto, Ontario. In addition, a new incoming call centre was opened in Calgary, Alberta, and 72 Cantel mall stores were built.

The 1996 increase in capital expenditures over 1995 was primarily in the area of network, as Cantel is increasing coverage and capacity of both the analog and digital services. Much of the increased coverage was in markets outside of Ontario and Quebec. In these markets, Cantel has for many years had less coverage and lower market share than its competitors. Cantel believes that by increasing coverage in those areas, it will increase its share of subscribers and revenue. At December 31, 1996, Cantel estimates its coverage was approximately 92% of the Canadian population.

Cantel expects that capital spending in 1997 will be similar to the 1996 level of $553.8 million. This spending is required to increase both digital and analog capacity in existing areas, to increase coverage through expansion to areas that were previously not served, to increase the quality of the existing coverage of both the analog and digital networks by "infilling" coverage, for enhanced digital services, for upgrades to billing and other systems, for upgrades to the paging and wireless data networks, and for other corporate purposes.

Cantel expects that over 50% of the capital spending in 1997 will be for network capacity expansion. Within this 50% for network capacity expansion in 1997, there will be a "step function" increase in capital spending resulting from the construction of over 250 new sites, primarily to provide additional capacity in the major urban centres. The new site construction represents 65% of the network capacity component. With these sites, Cantel will have available capacity to meet subscriber growth and is targeting to achieve 98% accessibility on the network during the average busy period. In addition, Cantel will have buffer capacity as a contingency for greater than planned subscriber growth and/or higher network usage that may arise. The new sites will have a secondary benefit of improving both analog and digital call quality.

Capital Expenditures
($ in millions)



By year-end 1997, Cantel is targeting to increase its digital cellular coverage from its current level of approximately 73% of the Canadian population to approximately 80%, matching analog cellular coverage of approximately 93% by year-end 1999. Cantel believes digital coverage will become increasingly important because digital will offer significant additional value through enhanced features.

Cantel will invest significant amounts in digital cellular to meet competition from the new PCS competitors. The fundamental premise of the new PCS competitors will be to differentiate themselves from analog cellular services by offering a feature-rich digital service. There will be no difference in functionality between the services which the PCS carriers propose to offer and those which Cantel can offer on its existing digital network. Cantel's principal advantage will be that it will offer a feature rich digital service across the country and into the U.S., whereas the new PCS carriers will likely be able to offer only limited geographic coverage of digital service.

b. Operating Risks and Uncertainties

In December 1995, Cantel and three other companies were granted PCS licences in the 1.9 GHz frequency band to offer a public PCS service. One of these companies, Microcell, launched its service in Montreal in November 1996 with pricing that was the lowest in North America. Cantel expects that by the end of 1997, the two additional companies that received PCS licences will have launched PCS service and that competition will be strong in all market areas. With two new entrants in the wireless marketplace, Cantel will face increased competition and the threat of lower prices for services.

During 1996, Cantel continued to deploy TDMA digital radio technology throughout key parts of its network. Many of the cellular and/or licensed PCS operators in the United States and Canada have been actively building networks with other digital technologies such as Code Division Multiple Access ("CDMA") or Global System for Mobile ("GSM"), the standard digital technology in Europe and other parts of the world. It is unclear at this time which type of technology will have the lowest cost and the highest quality when it is fully loaded and operational. GSM systems have been functioning in Europe and other parts of the world for several years, as has TDMA in North America. At this time, other cellular service providers, particularly AWS, are also committed to the use of TDMA at both 800 MHz and 1.9 GHz frequencies.

In May 1996, the Canadian Radio-television and Telecommunications Commission ("CRTC") initiated a public notice seeking comments on the issues of equal access, co-location and unbundling. Under equal access, Cantel could be required to offer its subscribers access to competitive long distance networks on an "equal access" or "1 plus" dialing basis, where all calls are automatically routed to an alternative long distance network without having to dial an access number. Cantel monitors its long distance revenue regularly, and to date has experienced only minor erosion of its long distance business to other carriers. Under current conditions, the customer must dial an access number to use another long distance service provider. A portion of Cantel's long distance revenue, which totalled $72.6 million in 1996, could be at risk if the CRTC rules in favour of equal access. However, this decrease could be at least partially offset by increases in local airtime as a result of increased use of cellular phones for long distance calls. With unbundling, wireless companies could be required to unbundle the wireless access from the distribution network and to lease portions of the wireless network to other service providers. The same parties that have requested unbundling are also requesting co-location of their equipment with Cantel sites. A CRTC decision on these issues is expected in the second quarter of 1997.

Also in May 1996, the CRTC initiated a proceeding to examine whether all long distance service providers, including wireless service providers, should be required to pay long distance contribution to the local access shortfall. This shortfall is the amount by which the local access costs incurred by the local exchange carrier in providing residential telephony are subsidized by long distance and local business rates. Cantel and other cellular providers do not currently make such payments. Cantel is not able to predict the outcome of this proceeding but, if implemented, such a payment would be an additional operating expense. This expense, however, may be offset by payments to Cantel by the local exchange carriers for the termination of calls on Cantel's network.

Last year, the CRTC conducted a proceeding to determine the rules governing local telephone competition. The local exchange carriers argue that competitive local providers should be required to pay local contribution payments. The telephone companies argue that these payments would be required as compensation for a subsidy between urban and rural rates and residential versus business rates. If the decision recognizes cellular carriers as competitive local providers, Cantel could be required to pay local contribution. Again, this expense may be offset by payments from local exchange carriers for termination of calls on Cantel's network.

The CRTC has initiated a proceeding to deal with local number portability in the wireline network. Certain wireless carriers had proposed that this be extended to the wireless industry as soon as possible. However, the CRTC ruled in October 1996 that participation by wireless carriers would not be mandated during an interim period, which runs until approximately 1999. The CRTC will likely re-examine the issue after the interim period. In the U.S., the Federal Communications Commission has ruled that wireless carriers should provide number portability by approximately 1999. The Canadian cellular companies have indicated that they intend to provide number portability when it is technically feasible. Therefore, there is some likelihood Cantel will be required to provide number portability in or around 1999. The introduction of mandatory wireless local number portability could increase the subscriber churn that the Company experiences, which would reduce revenue and increase expenses.

During 1995, two national one-way and four two-way paging licences were issued to bring new entrants into the Canadian marketplace. Cantel received one of the two-way licences and was already a holder of a national one-way licence. In 1996, with the addition of new U.S. entrants such as PageNet and PageMart, Cantel Paging has seen increased competition and price decreases. Cantel believes that it is well positioned to benefit from the market expansion that increased competition will bring, due to its extensive national network and broad distribution, however, there will continue to be downward pressure on prices and margins.

c. Financial Position – Liquidity and Capital Resources

Cantel reported net income for 1996 excluding non-recurring charges of $17.3 million compared to a loss of $8.9 million in 1995. During 1996, Cantel's cash deficiency (defined as cash flow from operations after working capital less capital expenditures and investments) increased to $448.0 million from $29.7 million in 1995. Cantel funded this shortfall during the year through the issuance of third party debt.

In 1997, Cantel anticipates growth in operating income before depreciation and amortization over 1996, but also continued high capital expenditures and increases in interest expense. As a result of this, Cantel does not anticipate that it will be free cash flow positive in 1997. Cantel anticipates no difficulty meeting all covenants stipulated in its various debt instruments during 1997. The Company believes that in 1997 cash from operations together with additional borrowings under its amended bank credit facility will satisfy the Company's financial requirements for the year. See Note 6(a) to the Consolidated Financial Statements for details on Cantel's bank credit facility.

Cantel's cash flow from operations (defined as the loss, offset by adding back non-recurring items and depreciation and amortization) increased to $224.3 million from $191.9 million in the prior year. After funding the $118.5 million of working capital deficiency during the year, funds from operations totalled $105.8 million. This, combined with the $453.5 million increase in third party debt, net of financing costs, and the issue of warrants of $32.5 million, resulted in funds available for use of $591.8 million. In general, these funds were used to pay down amounts owing to Rogers Communications Inc. ("RCI") of $33.0 million, purchase net fixed assets of $553.8 million, and reduce bank advances, including outstanding cheques by $5.0 million.

On May 30, 1996, Cantel completed the issue of approximately US$800 million of senior debt. The Securities were completed in three tranches as follows: CDN$160 million 10.5% Senior Secured Notes due 2006; US$510 million 9⅜% Senior Secured Debentures due 2008; and US$175 million 9¾% Senior Secured Debentures due 2016. Proceeds from the Securities were used to purchase and redeem all of the outstanding US$460 million 10¾% Notes due 2001 and for general corporate purposes.

Cantel's total debt, including amounts owing to RCI, increased by $479.5 million during 1996 to $1,589.3 million. For details regarding the $1,589.3 million of total debt outstanding at December 31, 1996, see Notes 6 and 7 of the Notes to the Consolidated Financial Statements. Of the $1,589.3 million of long-term debt outstanding at the fiscal year-end, $1,520.3 million was third party debt and $69.0 million was intercompany borrowings from RCI.

Cantel's required repayment of debt is minimal, totalling $13.1 million over the five year period from 1997 to 2001 inclusive.

On January 11, 1996, the Class B Shares of Rogers Cantel Mobile Communications Inc. began trading on The New York Stock Exchange under the symbol RCN and ceased trading on the NASDAQ Stock Market (symbol RCMIF).

Bank Agreement

At December 31, 1996, Cantel had a long-term bank facility, which is a secured revolving/reducing credit facility that provides a credit limit of $500 million. As well, Cantel has a $10 million secured operating line of credit with a Canadian chartered bank. At December 31, 1996, borrowings outstanding under Cantel's long-term bank credit facility totalled $172.0 million, an increase of $10.5 million from the December 31, 1995 balance of $161.5 million. Access to Cantel's long-term bank credit facility is based on certain debt to operating cash flow ratios. Of all the Company's debt instruments, the terms of the bank loan agreement generally impose the most restrictive covenants or debt incurrence and maintenance tests, restrictions on sales of assets, and distributions to shareholders. In February 1997, Cantel received a commitment from a group of banks to provide an amended bank credit facility of at least $700 million that extends the term by 3.5 years. See Note 6 of the Notes to the Consolidated Financial Statements for additional details.

d. Financial Instruments

Cantel's exposure to U.S. dollar foreign exchange fluctuations and interest rate fluctuations is closely managed. Currently, the risk of foreign exchange exposure is managed through the use of cross-currency exchange agreements or "swaps." Cantel's exposure to interest rate fluctuations is largely protected by an agreement with an affiliate as discussed below. In order to minimize the risk of counterparty default under its swap agreements, Cantel assesses the credit worthiness of its swap counterparties. Currently, all of the swap counterparties are financial institutions with a Standard and Poors rating (or the equivalent) in the AA range. Cantel's general objective is to hedge approximately 55–60% of its foreign exchange exposure through the use of cross-currency swaps and to maintain fixed interest rates on a minimum of 80% of its outstanding third party debt. At these levels, under current circumstances, Cantel believes that it is appropriately balancing its financial risks with the costs of hedging vehicles. Management monitors its hedging strategy on a continuous basis.

As a result of two U.S. dollar financings completed in 1992 and 1996, Cantel had U.S. dollar borrowings of US$885 million as at December 31, 1996. Cantel's revenues and assets are almost exclusively denominated in Canadian dollars. Accordingly, Cantel is exposed to foreign exchange risk on its U.S. dollar denominated debt.

During 1992, 1993 and 1996, Cantel entered into cross-currency interest rate exchange agreements that serve to hedge exposure to additional changes in the exchange rate of the U.S. dollar as compared to the Canadian dollar on US$385, million or approximately 43.5% of its total U.S. dollar denominated debt at December 31, 1996. Additionally, these cross-currency interest rate exchange agreements have the effect of converting the interest rate on US$385.0 million of long-term debt from a fixed rate of 9.375% per annum to floating rates based upon bankers acceptances rates plus 2.357% per annum on CDN$466.4 million of long-term debt.

After giving effect to the cross-currency interest rate exchange agreements noted above, approximately 58.0% of Cantel's non-affiliated third party long-term debt was fixed at a weighted average interest rate of 10.22% for a weighted average term of 11.5 years. Including floating rate intercompany debt payable to RCI at December 31, 1996, 55.5% of Cantel's debt was fixed.

However, Cantel has entered into an agreement with an affiliated party that has the effect of capping interest rates on up to $360.0 million of floating rate debt to the lower of (1) reference interest rates varying from 10.5% to 12.39% per annum plus Cantel's cost of money in excess of bankers' acceptance rates and (2) Cantel's floating interest rates. See Note 6(g) of the Notes to the Consolidated Financial Statements for details on these agreements. After giving effect to this agreement, 81.7% of Cantel's non-affiliated third party long-term debt was fixed/capped at December 31, 1996. Including floating rate intercompany debt payable to RCI at December 31, 1996, 78.1% of Cantel's debt was fixed/capped.

The effect of these agreements is to convert the obligation to service U.S. dollar denominated debt in the amount of US$385.0 million into Canadian dollar denominated debt at an average exchange rate of 1.2113 Canadian dollars to US$1.00. The following table presents a summary of Cantel's sensitivity to changes in principal and interest expense arising from changes in the foreign exchange rate on the unhedged portion of its U.S. dollar denominated debt.

Change in CDN$ versus US$	Principal Amounts	Interest Expense	EPS[1]
1¢	$ 5.0	$ 0.5	1¢
3¢	15.0	1.5	3¢
5¢	25.0	2.5	5¢
10¢	50.0	5.0	10¢

[1] Assumes no taxes. Includes the interest impact and the change in principal amounts, which would be amortized over the remaining life of the unhedged debt estimated at approximately 11.9 years.

The Company continually monitors its hedged position and hedging policies. It is possible that the Company will enter into additional hedging contracts during 1997. See Note 6(g) of the Notes to the Consolidated Financial Statements for further details on the hedging terms and interest exchange agreements.

Common Stock Information

Share Price and Trading Volume – The Toronto Stock Exchange (RCM.B Subordinate Voting Shares) CDN$

Years Ended		First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total Year
December 1993	High	$ 28.13	$ 28.88	$ 36.00	$ 41.50	$ 41.50
	Low	$ 24.00	$ 26.00	$ 28.25	$ 32.25	$ 24.00
	Close	$ 27.50	$ 28.75	$ 33.63	$ 35.50	$ 35.50
	Volume (000s)	4,254	4,693	2,706	2,392	14,045
December 1994	High	$ 39.75	$ 35.50	$ 41.50	$ 43.50	$ 43.50
	Low	$ 34.00	$ 30.88	$ 34.00	$ 37.38	$ 30.88
	Close	$ 34.13	$ 33.75	$ 39.00	$ 41.25	$ 41.25
	Volume (000s)	1,464	1,543	2,503	2,026	7,536
December 1995	High	$ 41.50	$ 35.88	$ 35.50	$ 36.13	$ 41.50
	Low	$ 35.13	$ 30.50	$ 31.13	$ 27.38	$ 27.38
	Close	$ 35.50	$ 33.00	$ 32.88	$ 36.00	$ 36.00
	Volume (000s)	2,710	3,882	1,481	3,696	11,769
December 1996	High	**$ 37.75**	**$ 36.80**	**$ 32.50**	**$ 33.00**	**$ 37.75**
	Low	**$ 30.75**	**$ 31.35**	**$ 26.70**	**$ 26.05**	**$ 26.05**
	Close	**$ 32.50**	**$ 32.25**	**$ 26.70**	**$ 27.15**	**$ 27.15**
	Volume (000s)	**1,869**	**5,088**	**2,036**	**2,747**	**11,740**

NASDAQ (RCMIF – Subordinate Voting Shares) US$

Years Ended		First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total Year
December 1993	High	$ 22.50	$ 22.75	$ 27.38	$ 31.75	$ 31.75
	Low	$ 18.88	$ 20.50	$ 22.13	$ 24.13	$ 18.88
	Close	$ 21.75	$ 22.50	$ 25.50	$ 27.00	$ 27.00
	Volume (000s)	4,493	2,435	6,333	3,825	17,086
December 1994	High	$ 29.63	$ 25.75	$ 30.69	$ 31.88	$ 31.88
	Low	$ 24.38	$ 22.25	$ 24.25	$ 27.00	$ 22.25
	Close	$ 24.50	$ 24.25	$ 29.00	$ 29.16	$ 29.16
	Volume (000s)	2,516	3,220	5,463	4,205	15,404
December 1995	High	$ 29.38	$ 25.63	$ 26.38	$ 26.50	$ 29.38
	Low	$ 24.75	$ 22.25	$ 23.00	$ 20.44	$ 20.44
	Close	$ 25.50	$ 23.75	$ 24.38	$ 26.50	$ 26.50
	Volume (000s)	4,314	4,068	2,538	4,094	15,013
December 1996*	Volume (000s)	**366**				**366**

The New York Stock Exchange (RCN Subordinate Voting Shares) US$

Years Ended		First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total Year
December 1996**	High	**$ 27.75**	**$ 27.00**	**$ 23.25**	**$ 24.25**	**$ 27.75**
	Low	**$ 22.38**	**$ 23.00**	**$ 19.63**	**$ 19.00**	**$ 19.00**
	Close	**$ 24.00**	**$ 23.38**	**$ 19.75**	**$ 19.38**	**$ 19.38**
	Volume (000s)	**2,163**	**1,019**	**1,159**	**622**	**4,963**

*Last day of trading on the NASDAQ Stock Market was January 10, 1996.

** First day of trading on the New York Stock Exchange was January 11, 1996. Volume declines in 1996 over prior years are primarily due to different calculation methods used at the New York Stock Exchange compared to the NASDAQ Stock Market.

Subscriber Statistics

Key Wireless Statistics

Years ended December 31	1996	1995	1994	1993	1992
Cellular Statistics					
Subscribers	**1,369,600**	1,049,400	793,900	573,400	459,800
Subscribers to population served	**5.16%**	4.00%	3.09%	2.26%	1.85%
Average monthly revenue per subscriber(1)	**$ 66**	$ 73	$ 79	$ 84	$ 93
Sales and marketing expense per gross addition	**$ 527**	$ 474	$ 384	$ 581	$ 562
Average monthly operating expense per subscriber(1)(2)	**$ 21**	$ 22	$ 27	$ 32	$ 41
Average monthly usage per subscriber (in minutes)	**208**	168	158	153	173
% average monthly churn(1)	**1.69%**	2.12%	1.85%	1.67%	2.06%
Switches	**18**	17	17	17	17
Cell sites	**1,133**	862	785	746	676
% of cell sites with digital capacity	**63%**	64%	65%	64%	24%
Radio channels	**28,561**	19,225	16,700	15,208	14,844
Paging Statistics					
Subscribers(3)	**242,800**	201,800	191,800	115,400	91,100
Average monthly revenue per subscriber(1)	**$ 18**	$ 21	$ 25	$ 25	$ 25
Subscribers to population served	**0.98%**	1.04%	1.00%	0.61%	0.49%

Subscribers by Segment(4)

(% of Total Subscribers) As at December 31	1996	1995	1994	1993	1992
Consumer and Safety	**47%**	40%	30%	20%	11%
Small Business	**31%**	35%	47%	56%	69%
Corporate and Large Business	**22%**	25%	23%	24%	20%
	100%	100%	100%	100%	100%

(1) Based on a 13-point average.
(2) Before sales and marketing expenses.
(3) Includes Maclean Hunter Paging subscribers acquired April 1, 1994.
(4) Estimate based on telemarketing surveys.

Five Year Financial Summary

Years ended December 31

(In thousands of dollars, except per share amounts)	1996	1995	1994	1993	1992
Income Statement:					
Total revenue	**$1,102,854**	$ 899,521	$ 750,420	$ 605,614	$ 516,519
Cellular revenue	**935,925**	757,993	635,321	515,015	434,824
Operating income(1)	**342,262**	306,934	282,632	190,017	121,452
Loss	**(67,611)**	(42,913)	(1,972)	(151,170)	(174,279)
Loss under US GAAP	**(55,014)**	(43,522)	(31,217)	(179,262)	(218,769)
Cash Flow:					
Cash flow from operations(2)	**$ 224,333**	$ 191,870	$ 178,875	$ 89,961	$ 38,523
– Under US GAAP(2)	**224,333**	190,940	178,875	88,982	36,275
Capital expenditures	**553,826**	185,550	149,056	181,395	237,613
Per Share:					
Weighted average outstanding number of shares (000s)	**93,897**	93,894	93,894	93,894	93,894
Loss per share	**$ (0.72)**	$ (0.46)	$ (0.02)	$ (1.61)	$ (1.86)
Loss per share under US GAAP	**(0.59)**	(0.46)	(0.33)	(1.91)	(2.33)
Cash flow per share(2)	**2.39**	2.04	1.91	0.96	0.41
Cash flow per share under US GAAP(2)	**2.39**	2.03	1.91	0.95	0.39

As at December 31

(In thousands of dollars)	1996	1995	1994	1993	1992
Balance Sheet					
Total assets	**$1,763,917**	$1,290,710	$ 1,219,467	$ 1,173,028	$1,204,022
Fixed assets – net	**1,320,588**	963,171	964,212	969,895	930,034
Goodwill	**22,451**	23,842	25,212	2,288	46,229
Long-term debt	**1,589,343**	1,109,836	1,088,048	1,033,087	937,122
Shareholders' equity (deficiency)	**(141,207)**	(106,152)	(63,305)	(61,333)	89,837

(1) Before depreciation and amortization and non-recurring charges, but after management fees.
(2) Cash flow from operations before changes in working capital amounts.

Quarterly Comparison 1995–1996

(In thousands of dollars, except per share amounts)	1996 Quarters Dec 31	Sept 30	June 30	Mar 31	1995 Quarters Dec 31	Sept 30	June 30	Mar 31
Income Statement:								
Revenue								
Cellular Services	$ 248,727	$ 245,020	$ 236,999	$ 205,179	$ 199,888	$ 197,944	$ 193,737	$ 166,424
Equipment Sales	42,140	27,673	23,260	20,604	33,498	24,449	19,108	12,380
Paging and Data Services	13,329	13,536	13,364	13,314	13,246	13,052	13,005	13,133
Interdivisional eliminations	(18)	(99)	(87)	(87)	(70)	(89)	(106)	(78)
Total	$ 304,178	$ 286,130	$ 273,536	$ 239,010	$ 246,562	$ 235,356	$ 225,744	$ 191,859
Operating income before depreciation and amortization and non-recurring charges								
Cellular Services	$ 85,860	$ 88,793	$ 91,709	$ 73,094	$ 59,477	$ 83,158	$ 86,246	$ 71,938
Equipment Sales, Paging Services and Other	1,790	1,368	(1,282)	930	1,857	950	1,858	1,450
Total	$ 87,650	$ 90,161	$ 90,427	$ 74,024	$ 61,334	$ 84,108	$ 88,104	$ 73,388
Depreciation and amortization	56,172	57,662	49,693	43,530	48,256	49,385	55,033	48,083
Non-recurring charges	–	20,323	–	–	–	–	–	–
Operating income	$ 31,478	$ 12,176	$ 40,734	$ 30,494	$ 13,078	$ 34,723	$ 33,071	$ 25,305
Interest expense	31,607	30,161	27,608	25,519	26,114	26,669	29,576	29,977
Other expense (income)	648	(355)	(210)	(114)	229	(179)	(36)	(286)
Other non-recurring charges	(785)	–	65,349	–	34,026	–	–	–
Income taxes	750	815	750	750	750	750	750	750
Net income (loss)	$ (742)	$ (18,445)	$ (52,763)	$ 4,339	$ (48,041)	$ 7,483	$ 2,781	$ (5,136)
Earnings (loss) per share	$ (0.01)	$ (0.20)	$ (0.56)	$ 0.05	$ (0.51)	$ 0.08	$ 0.03	$ (0.05)
Net income (loss) – US GAAP	$ (9,389)	$ (45,624)	$ (2,398)	$ 2,397	$ (57,052)	$ 12,641	$ 7,294	$ (6,405)
Earnings (loss) per share – US GAAP	$ (0.10)	$ (0.49)	$ (0.03)	$ 0.03	$ (0.61)	$ 0.13	$ 0.08	$ (0.07)
Operating income before depreciation and amortization and non-recurring charges, margin %:								
Cellular Services	34.5%	36.2%	38.7 %	35.6%	29.8%	42.0%	44.5%	43.2%
Equipment Sales, Paging Services and Other	3.2%	3.3%	(3.5)%	2.7%	4.0%	2.5%	5.8%	5.7%
Total	28.8%	31.5%	33.1 %	31.0%	24.9%	35.7%	39.0%	38.3%
Cash flow from operations[1]	$ 54,646	$ 59,540	$ 62,279	$ 47,868	$ 34,241	$ 56,868	$ 57,814	$ 42,947
Capital expenditures	163,428	133,044	167,204	90,150	97,957	48,986	22,562	16,045
Long-term debt	1,589,343	1,434,422	1,406,889	1,200,172	1,109,836	1,032,353	1,066,416	1,096,803
Cellular subscribers	1,369,616	1,249,760	1,186,719	1,124,625	1,049,387	885,616	840,697	820,455
Paging subscribers	242,787	229,688	219,827	207,160	201,769	198,677	196,007	191,229

[1]Cash flow from operations before changes in working capital amounts.

Consolidated Statements of Income

(In thousands of dollars, except per share amounts)	Year ended December 31, 1996	Year ended December 31, 1995
Revenue (note 10)	$ 1,102,854	$ 899,521
Operating, general and administrative expenses	751,710	583,879
Management fees (note 13(b))	8,882	8,708
Operating income before the following items:	342,262	306,934
Write-down of digital telephones and provision for store closures (note 9)	20,323	–
Depreciation and amortization	207,057	200,757
Operating income	114,882	106,177
Interest expense:		
Long-term debt	109,722	101,159
Notes payable to Rogers Communications Inc.	4,881	11,052
Other	292	125
Write-down of investment in Claircom Communications Group Inc. (note 5)	–	34,026
Loss on early repayment of long-term debt (note 6(b))	64,564	–
Other income	(31)	(272)
	179,428	146,090
Loss before income taxes	(64,546)	(39,913)
Income taxes (note 11)	3,065	3,000
Loss for the year	$ (67,611)	$ (42,913)
Loss per share	$ (0.72)	$ (0.46)
Weighted average number of Class A Multiple Voting and Class B Subordinate Voting Shares (in thousands)	93,897	93,894

Fully diluted earnings per share are not disclosed as they are anti-dilutive.

See accompanying notes to consolidated financial statements.

Consolidated Statements of Changes in Financial Position

(In thousands of dollars)	Year ended December 31, 1996	Year ended December 31, 1995
Funds provided by (used for):		
Operations:		
Loss for the year	$ (67,611)	$ (42,913)
Items not affecting funds:		
Depreciation and amortization	207,057	200,757
Write-down of investment in Claircom Communications Group Inc.	–	34,026
Loss on early repayment of long-term debt	64,564	–
Write-down of digital telephones and provision for store closures	20,323	–
	224,333	191,870
Changes in:		
Accounts receivable	(48,202)	(34,759)
Other assets and deferred charges	(95,812)	(71,724)
Accounts payable and accrued liabilities and unearned revenue	35,779	84,800
Amounts due to/from parent and affiliated companies, net	(10,283)	11,474
	105,815	181,661
Financing:		
Issue of notes payable to Rogers Communications Inc.	–	2,700
Repayment of notes payable to Rogers Communications Inc.	(33,000)	(33,119)
Issue of long-term debt	1,082,867	63,831
Repayment of long-term debt	(600,889)	(1,360)
Financing costs incurred	(28,483)	–
Issue of capital stock and warrants	32,556	66
	453,051	32,118
Investments:		
Additions to fixed assets	(553,826)	(185,550)
Investment in Claircom Communications Group Inc.	–	(25,858)
	(553,826)	(211,408)
Increase in funds	5,040	2,371
Funds deficiency, beginning of year	(18,221)	(20,592)
Funds deficiency, end of year	$ (13,181)	$ (18,221)

Funds are defined as cash and short-term deposits less bank advances.

See accompanying notes to consolidated financial statements.

Consolidated Balance Sheets

(In thousands of dollars)	As at December 31, 1996	As at December 31, 1995
Assets		
Fixed assets (note 3)	$ 1,320,588	$ 963,171
Goodwill	22,451	23,842
Accounts receivable, net of allowance for doubtful accounts of $43,061 (1995 – $22,264)	180,134	131,932
Deferred charges (note 4)	156,518	127,617
Other assets (note 5)	83,927	44,148
Due from parent and affiliated companies (note 13(a))	299	–
	$ 1,763,917	$ 1,290,710
Liabilities and Shareholders' Deficiency		
Liabilities:		
Bank advances, arising from outstanding cheques	$ 13,181	$ 18,221
Long-term debt (note 6)	1,520,343	1,007,836
Notes payable to Rogers Communications Inc. (note 7)	69,000	102,000
Accounts payable and accrued liabilities	262,020	231,316
Due to parent and affiliated companies (note 13(a))	–	9,984
Unearned revenue	40,580	27,505
	1,905,124	1,396,862
Shareholders' deficiency		
Capital stock (note 8)	449,082	449,026
Warrants (note 8(b))	32,500	–
Deficit	(622,789)	(555,178)
	(141,207)	(106,152)
	$ 1,763,917	$ 1,290,710

Commitments (note 15)
Contingent liabilities (note 16)
Canadian and United States accounting policy differences (note 17)

See accompanying notes to consolidated financial statements.

On behalf of the Board:

Ted Rogers
Director

Director

Consolidated Statements of Deficit

(In thousands of dollars)	Year ended December 31, 1996	Year ended December 31, 1995
Deficit, beginning of year	**$ 555,178**	$ 512,265
Loss for the year	**67,611**	42,913
Deficit, end of year	**$ 622,789**	$ 555,178

See accompanying notes to consolidated financial statements.

Auditors' Report to the Shareholders

We have audited the consolidated balance sheets of Rogers Cantel Mobile Communications Inc. as at December 31, 1996 and 1995 and the consolidated statements of income, deficit and changes in financial position for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 1996 and 1995 and the results of its operations and the changes in its financial position for the years then ended in accordance with generally accepted accounting principles in Canada.

Generally accepted accounting principles in Canada differ in some respects from those applicable in the United States (note 17).

KPMG

KPMG

Chartered Accountants

Toronto, Canada
January 24, 1997
(February 19, 1997 as to note 6(a))

Notes to Consolidated Financial Statements

1. Nature of business

Rogers Cantel Mobile Communications Inc. (the "Company") is a public company 80% owned by Rogers Communications Inc. ("RCI").

The Company is Canada's national wireless communications company which operates under cellular licences issued by Industry Canada. The cellular licences are renewable in 2001.

In 1995, the Company was granted a Personal Communication Services ("PCS") licence renewable in 2001. The Company also offers nationwide paging services.

2. Significant accounting policies

a. Consolidation

The consolidated financial statements include the accounts of the Company and all of its subsidiaries.

b. Capitalization policy

Fixed assets are recorded at purchase cost. Repairs and maintenance expenditures are charged to operations.

During construction of the cellular telephone network, direct costs plus a portion of interest and overhead costs are capitalized. Interest capitalized for 1996 amounted to $5,591,000 (1995 – $3,109,000).

Leases that transfer substantially all of the benefits and risks of ownership are accounted for by the Company as capital leases. Accordingly, the asset values and related liabilities are recorded in the financial statements.

c. Depreciation

Fixed assets are depreciated annually over their estimated useful lives as follows:

Asset	Basis	Rate
Buildings	Diminishing balance	5%
Network equipment	Straight line	6⅔%
Network radio channels	Straight line	12½%
Computer equipment and software	Straight line	25% to 33⅓%
Furniture, fixtures and office equipment	Diminishing balance	20%
Rental equipment, pagers and cellular telephones	Straight line	33⅓% to 66⅔%
Leasehold improvements	Straight line over the term of the lease	
Other equipment	Mainly straight line	20% to 33⅓%

d. Foreign exchange

Long-term debt denominated in United States dollars is translated into Canadian dollars at the year-end rate of exchange, or at the hedge rate of exchange when cross-currency interest exchange agreements are in effect. Exchange gains or losses on translating this long-term debt are deferred and

amortized on a straight line basis over the remaining life of the debt. All other exchange gains or losses are included in income.

e. Financial instruments

The Company uses derivative financial instruments to manage risks from fluctuations in exchange rates and interest rates. These instruments include cross-currency interest rate exchange agreements and interest exchange agreements. All such instruments are only used for risk management purposes. The Company accounts for these financial instruments as hedges and as a result the carrying values of the financial instruments are not adjusted to reflect their current market values. The net receipts or payments arising from financial instruments relating to interest are recognized in interest expense on an accrual basis. Gains or losses arising from the translation of U.S. dollar denominated debt under the cross-currency interest rate exchange agreements are deferred and amortized on a straight-line basis over the remaining life of the cross-currency interest rate exchange agreements.

f. Deferred charges

The costs of obtaining bank and other debt financing are deferred and amortized on a straight line basis over the effective life of the debt to which they relate.

The cost of subscriber telephones in lease-to-own programs is deferred and charged to operating, general and administrative expenses on a straight-line basis over the terms of the subscriber contracts, to a maximum of 36 months.

Development and licence application costs related to new businesses are deferred and amortized over the term of the licence once the service is available to subscribers.

g. Goodwill

Goodwill is amortized on a straight line basis over its estimated useful life of twenty years. Amortization of goodwill for 1996 amounted to $1,305,000 (1995 – $1,308,000). Accumulated amortization of goodwill amounted to $3,974,000 at December 31, 1996 (1995 – $2,669,000).

The Company annually reviews the carrying value of goodwill to determine if an impairment has occurred. The Company measures the potential impairment of goodwill by comparing the carrying value to the undiscounted value of expected future operating income before depreciation and amortization, interest and income taxes. Based on its review, the Company does not believe that an impairment of the carrying value of goodwill has occurred to date.

h. Unearned revenue

Unearned revenue includes subscriber deposits and amounts received from subscribers related to services to be provided in future periods.

i. Pensions

Pension expense consists of the aggregate of (a) the actuarially computed costs of pension benefits provided in respect of the current year's service, (b) imputed interest on any funding excess and (c) the amortization over the expected average remaining service life of the employees of (i) the funding excess existing as at the beginning of the year and (ii) any experience gain or loss during the year.

j. Segmented information

The Company considers its cellular services operations to be one industry segment. The paging and other operations are not significant enough to be considered separately reportable industry segments. All of the Company's principal businesses are carried out in Canada.

k. Basis of presentation

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

3. Fixed assets

(In thousands of dollars)	1996	1995
Land and buildings	**$ 66,059**	$ 11,060
Network equipment	**1,146,999**	918,202
Network radio channels	**726,510**	538,878
Computer equipment and software	**189,269**	135,340
Furniture, fixtures and office equipment	**49,946**	38,274
Rental equipment, pagers and cellular telephones	**31,762**	43,680
Leasehold improvements	**24,644**	22,909
Other equipment	**15,489**	14,610
	2,250,678	1,722,953
Less accumulated depreciation and amortization	**930,090**	759,782
	$ 1,320,588	$ 963,171

The Company has a significant ongoing capital expenditure program for the expansion and improvement of its network. The Company estimates that its capital expenditure program for 1997 will amount to approximately $500,000,000.

4. Deferred charges

(In thousands of dollars)	1996	1995
Foreign exchange loss, less accumulated amortization of $13,906 (1995 – $30,508)	**$ 22,038**	$ 54,312
Financing costs, less accumulated amortization of $10,773 (1995 – $13,984)	**33,257**	15,112
Subscriber telephone costs less accumulated amortization of $94,084 (1995 – $13,644)	**95,796**	54,078
Other	**5,427**	4,115
	$ 156,518	$ 127,617

In connection with the early repayment of long-term debt (note 6(b)), during 1996 the Company wrote-off $6,894,000 of deferred financing costs and $27,141,000 of deferred foreign exchange.

Amortization of deferred charges for 1996 amounted to $74,156,000 (1995 – $26,611,000). Of this amount, $63,718,000 (1995 – $13,644,000) relates to amortization of the subscriber telephone costs which has been recorded in operating, general and administrative expenses.

5. Other assets

(In thousands of dollars)	1996	1995
Brand licence costs	$ 37,590	$ –
Amounts receivable from employees under RCI share purchase plans including $1,142 from officers of the Company (1995 – $855)	2,487	3,166
Inventories	23,544	25,155
Prepaid expenses	14,797	11,919
Miscellaneous notes and loans receivable from employees	3,206	1,605
Investment in Claircom Communications Group Inc.	1	1
Other	2,302	2,302
	$ 83,927	$ 44,148

The Company has a 10% ownership interest in Claircom Communications Group Inc. ("Claircom"), a Company providing air to ground cellular services in North America. In 1995, the Company wrote down its investment in Claircom to a nominal amount.

In November, 1996 the Company entered into a brand licence agreement with AT&T Canada Enterprises Inc. ("AT&T") providing the Company with, among other things, the right to the use of certain brand names. As consideration for entering into this agreement, the Company issued warrants to AT&T at a value of $32,500,000 (note 8(b)). For accounting purposes, the consideration given to AT&T together with the incremental costs of entering into the brand licence agreement amounted to $37,800,000 and are being deferred for accounting purposes and amortized on a straight line basis to income over 15 years, being the term of the brand licence agreement. Amortization for 1996 amounted to $210,000. The brand licence agreement also requires the Company to make certain annual royalty payments over the term of the agreement.

6. Long-term debt

(In thousands of dollars)	Interest Rate	1996	1995
(a) Bank loan	Floating	$ 172,000	$ 161,500
(b) Senior Secured Guaranteed Notes	10¾%	–	568,728
(c) Senior Secured Debentures due 2008	9⅜%	637,538	–
(d) Senior Secured Debentures due 2016	9¾%	239,680	–
(e) Senior Secured Notes due 2006	10½%	160,000	–
(f) Senior Subordinated Guaranteed Notes due 2002	11⅛%	273,920	273,040
(g) Obligations under mortgages, capital leases and other	Various	37,205	4,568
		$ 1,520,343	$ 1,007,836

Further details of long-term debt are as follows:

a. Bank loan

At December 31, 1996 the Company had a credit facility of $500,000,000, of which $172,000,000 was outstanding (1995 – $161,500,000). In February 1997, the Company revised and increased the credit facility to provide for a total credit facility of $700,000,000.

Under the revised facility, the Company may borrow at various rates including the bank prime rate to the bank prime rate plus ¾% per annum, the bankers' acceptance rate plus ¾% to 1½% per annum and the London Inter Bank Offered Rate ("LIBOR") plus ¾% to 1½% per annum. Access to the credit facility is based on certain debt incurrence and maintenance tests, the most restrictive of which relate to a debt to operating cash flow ratio.

Borrowings under the credit facility are secured by the pledge of a senior bond issued under a deed of trust which is secured by substantially all the assets of the Company and certain of its subsidiaries, subject to certain exceptions and prior liens.

This credit facility is available on a fully revolving basis until the first date specified below, at which time the facility becomes a revolving/reducing facility and the aggregate amount of credit available under the facility will be reduced as follows:

Date of Reduction	Reduction at each date (In thousands of dollars)
On January 1:	
2001	$ 105,000
2002	140,000
2003	140,000
2004	140,000
2005	175,000

The credit facility requires that any additional senior debt (other than the bank loan described above) that is denominated in a foreign currency be hedged against foreign exchange fluctuations on a minimum of 50% of such additional senior borrowings in excess of the Canadian equivalent of US$25,000,000.

b. Senior Secured Guaranteed Notes

The Company's US$460,000,000 Senior Secured Guaranteed Notes (the "Guaranteed Notes") were repaid during the year. As a result, the Company paid a premium on redemption of $30,529,000 and wrote-off deferred financing costs of $6,894,000 and deferred foreign exhange of $27,141,000 resulting in a net loss on repayment of $64,564,000.

c. Senior Secured Debentures due 2008

The Company's US$510,000,000 Senior Secured Debentures (the "2008 Debentures") mature on June 1, 2008. The 2008 Debentures are redeemable at the option of the Company, in whole or in part, at any time on or after June 1, 2003, at 104.688% of the principal amount, declining ratably to 100% of the principal amount on or after June 1, 2006 plus, in each case, interest accrued to the redemption date. Interest is payable semi-annually.

d. Senior Secured Debentures due 2016

The Company's US$175,000,000 Senior Secured Debentures (the "2016 Debentures") mature on June 1, 2016. The 2016 Debentures are redeemable in whole or in part, at the option of the Company, at any time, subject to a prepayment premium. Interest is payable semi-annually.

e. Senior Secured Notes due 2006

The Company's $160,000,000 Senior Secured Notes (the "2006 Notes") mature on June 1, 2006. The 2006 Notes are redeemable in whole or in part, at the option of the Company, at any time subject to a prepayment premium. Interest is payable semi-annually.

Each of the Company's senior secured notes and debentures described above are secured by the pledge of a senior bond which is secured by the same security as the security for the bank credit facility described in (a) above and ranks equally with the bank credit facility.

f. Senior Subordinated Guaranteed Notes due 2002

The Company's US$200,000,000 Senior Subordinated Guaranteed Notes (the "Subordinated Notes") mature on July 15, 2002. Interest is payable on January 15 and July 15 of each year. The Subordinated Notes are redeemable at the option of the Company, in whole or in part, at any time on or after July 15, 1997 at 103.3% of the principal amount, declining ratably to 100% of the principal amount on or after July 15, 1999, plus in each case, interest accrued to the date of redemption. The Subordinated Notes are subordinated to all existing and future senior secured obligations of the Company (including the bank loan, the senior notes and senior debentures). The Subordinated Notes are not secured by the pledge of a senior bond.

g. Interest exchange agreements

i. The Company has entered into a number of cross-currency interest rate exchange agreements in order to reduce the Company's exposure to changes in the exchange rate of the U.S. dollar as compared to the Canadian dollar. Total U.S. dollar denominated long-term debt at December 31, 1996 amounted to US$885,000,000 of which US$385,000,000, or 43% is hedged through cross-currency interest rate exchange agreements. The effect of these agreements is to convert the obligation of the Company to service U.S. dollar denominated debt in the amount of US$385,000,000 into Canadian dollar denominated debt at an average exchange rate of 1.2113 Canadian dollars to U.S. $1.00.

The obligation of the Company to the counterparties under these cross-currency interest exchange agreements is secured by senior bonds ranking equally with other senior bonds issued.

ii. In addition, these agreements have the effect of converting the interest rate on US$385,000,000 of long-term debt from a fixed interest rate of 9.38% per annum to a weighted average floating interest rate equal to the bankers' acceptance rate plus 2.357% per annum. While this has the effect of converting $466,338,000 of fixed rate debt to floating rate debt, the Company has entered into an agreement with RCI, under which the Company will obtain the benefit of certain of RCI's interest exchange agreements. These interest exchange agreements have the effect of limiting the interest rates on up to $360,000,000 of floating rate debt of the Company to the lower of reference interest rates varying from 10.5% to 12.39% plus the Company's cost of money in excess of bankers' acceptance rates and the Company's floating interest rate. These interest exchange agreements will be transferred to the Company at such time as fixed interest rates available to the Company equal or exceed the fixed interest rates under RCI's interest exchange agreements.

The Company guarantees RCI's obligations under the interest exchange agreements. The obligations of the Company under the guarantee are secured by senior bonds ranking equally with other senior bonds issued under a deed of trust.

Total long-term debt at fixed interest rates as at December 31, 1996 was $882,005,000 or 58% of total long-term debt. The effective weighted average interest rate on all long-term debt as at December 31, 1996, including the effect of the cross-currency interest rate exchange agreements, was 7.98% (1995 – 9.936%).

h. As at December 31, 1996 principal repayments due within each of the next five years on all long-term debt are as follows:

(In thousands of dollars)	
Year ending December 31:	
1997	$ 5,263
1998	3,501
1999	3,599
2000	389
2001	384
	13,136
Thereafter	1,507,207
	$ 1,520,343

The long-term debt agreements entered into by the Company contain certain provisions which restrict the operations and activities of the Company, the most restrictive of which pertain to debt incurrence and maintenance tests, additional investments, sale of assets, payment of dividends and the payment of principal or interest on certain subordinated debt. In addition, the repayment dates of certain debt agreements accelerate if there is a change in control of the Company.

7. Notes payable to Rogers Communications Inc.

(In thousands of dollars)	1996	1995
Subordinated, unsecured promissory notes, payable on demand, bearing interest at the bank prime rate	$ 69,000	$ 102,000

8. Capital stock

Authorized

There are an unlimited number of authorized preferred shares without par value, issuable in series, with rights and terms of each series to be fixed by the Board of Directors prior to the issue of the series.

There are two classes of common shares, all of which have an unlimited number of authorized shares and are without par value.

The Class A Multiple Voting Shares are entitled to ten votes per share and are convertible on a one-for-one basis into Class B Subordinate Voting Shares.

The Class B Subordinate Voting Shares are entitled to one vote per share.

Issued and outstanding

(In thousands of dollars, except number of shares)	1996	1995
75,133,806 Class A Multiple Voting Shares	$ 433,997	$ 433,997
18,791,920 Class B Subordinate Voting Shares (1995 – 18,790,270 shares)	16,014	15,958
	450,011	449,955
Deduct amounts receivable from employees under certain share purchase plans	(929)	(929)
	$ 449,082	$ 449,026

a. At December 31, 1996, there were options outstanding to purchase 848,350 Class B Subordinate Voting Shares at exercise prices ranging from $26.27 to $40.22 per share. These options expire at various dates between 1998 and 2006. During 1996, the Company issued 1,650 Class B Subordinate Voting Shares for options exercised at an average value of $33.43 per share.

b. In November, 1996 the Company issued 1,043,171 warrants at a value of $32,500,000 as consideration for entering into a brand licence agreement (note 5) . Each warrant entitles the holder, when exercised, to one Class B Subordinate Voting Share of the Company. The warrants are exercisable at certain times during the term of the brand licence agreement and expire if not exercised by 2006.

c. RCI owns 100% of the Class A Multiple Voting Shares; the Class B Subordinate Voting Shares are publicly held.

d. The articles of incorporation of the Company impose restrictions on the issuance or transfer of any shares of the Company where such issuance or transfer would, in the opinion of the Board of Directors of the Company, jeopardize the ability of the Company to obtain, renew or maintain licences relating to its business.

9. Write-down of digital telephones and provision for store closures

During 1996 the Company wrote-down to net realizable value certain first generation digital telephones. This write-down amounted to $16,723,000. In addition, the Company recorded a provision for store closures amounting to $3,600,000 related to the closing of several corporate-owned retail outlets.

10. Divisional operations

The Company provides cellular and paging services to subscribers in Canada. Revenue is also derived from the sale of paging and cellular equipment.

The following is certain supplementary data for these operations:

(In thousands of dollars)	1996	1995
Revenue derived from:		
Cellular services	$ 935,925	$ 757,993
Equipment sales	113,677	89,435
Paging and Data Services	53,543	52,436
Less interdivisional eliminations	(291)	(343)
	$ 1,102,854	$ 899,521
Operating income before write-down of digital telephones and provision for store closures and depreciation and amortization:		
Cellular services	$ 339,456	$ 300,819
Equipment sales, paging services and other	2,806	6,115
	$ 342,262	$ 306,934

11. Income taxes

Total income taxes vary from the amounts that would be computed by applying the effective income tax rate to the loss before income taxes for the following reasons:

(In thousands of dollars)	1996	1995
Effective income tax rate	44%	44%
Income tax on the loss before income taxes	$ (28,400)	$ (17,562)
Increase (decrease) results from:		
Utilization of losses carried forward not previously recorded	–	(2,235)
Losses, the tax effect of which has not been recorded	11,375	–
Write-down of Claircom	–	14,972
Non-deductible amortization and write-off of deferred foreign exchange	17,025	4,825
Large corporations tax	3,065	3,000
Actual income tax expense	$ 3,065	$ 3,000

As at December 31, 1996 the Company has the following amounts available to reduce future years' income for income tax purposes, the tax effect of which has not been recorded in the accounts:

(In thousands of dollars)	
Year ending December 31:	
1997	$ 24,200
1998	62,300
1999	120,800
2000	78,000
2001	72,500
2002	70,900
2003	3,300
	432,000
Add scientific research and development expenditures available on a tax filing basis	75,000
Less depreciation and other expenditures claimed for income tax purposes in excess of those recorded for accounting purposes	(133,900)
	$ 373,100

12. Pensions

The Company participates in a contributory defined benefit pension plan which covers substantially all of its employees. These plans provide pensions based on years of service, years of contribution and average earnings.

Actuarial estimates prepared as at December 31, 1996 and 1995 were based on projections of employees' compensation levels to the time of retirement and indicate that the present value of the accrued pension benefits and the net assets available to provide for these benefits, at market, are as follows:

(In thousands of dollars)	1996	1995
Pension fund assets	$ 16,747	$ 13,926
Accrued pension benefits	14,737	12,673

Pension expense for 1996 amounted to $360,000 (1995 – $440,000).

13. Related party transactions

a. The amount due to (from) parent and affiliated companies is comprised of the following:

(In thousands of dollars)	1996	1995
RCI	$ (36)	$ 7,272
Rogers Cablesystems Limited ("Cablesystems")	(263)	2,712
	$ (299)	$ 9,984

The above amounts reflect short-term intercompany charges for capital and operating expenditures.

b. The Company has entered into certain transactions and agreements with RCI and its affiliates, as follows:

i. Management fees

The Company has entered into a management agreement under which RCI provides executive, administrative, financial and various additional services to the Company. Interest is charged by RCI on unpaid management fees. The management agreement is subject to termination by either party at the end of any calendar year on twelve months' notice.

ii. Cost sharing arrangements

The Company has entered into agreements with Cablesystems to share, on a pro rata basis, the cost of certain microwave and fibre optic transmission facilities. In addition, long-term service arrangements exist with Cablesystems for transmission services.

iii. Interest exchange agreements

The Company has entered into an agreement with RCI with respect to certain interest exchange agreements as described in note 6(g).

A summary of all significant related party transactions, which have been accounted for at exchange amounts, is as follows:

(In thousands of dollars)	1996	1995
RCI:		
Management fees	$ 8,882	$ 8,708
Interest on notes payable	4,881	11,052
Other charges, net	301	1,615
	14,064	21,375
Cablesystems:		
Transmission facilities purchased	323	1,343
Other charges	(307)	(1,469)
	16	(126)
	$ 14,080	$ 21,249

14. Financial instruments

a. Fair values

The Company has determined the fair value of its financial instruments as follows:

i. Cash and short term deposits, accounts receivable, amounts receivable from employees under RCI share purchase plans, miscellaneous notes and loans receivable from employees, due to/from parent and affiliated companies, bank advances, accounts payable and accrued liabilities and notes payable to RCI:
The carrying amount in the consolidated balance sheet approximates fair value because of the limited term of these instruments.

ii. Long-term debt:
The fair value of each of the Company's long-term debt instruments is based on the current trading values, where available, or where not available, with reference to similarly traded instruments with similar features.

iii. Interest exchange agreements:
The fair values of the Company's interest exchange agreements and cross currency interest rate exchange agreements are based on values quoted by the counterparties to the agreements.

The estimated fair values of the Company's long-term debt and related interest exchange agreements as at December 31, 1996 and 1995, are as follows:

(In thousands of dollars)	1996		1995	
	Carrying amount	Estimated fair value	Carrying amount	Estimated fair value
Long-term debt	**$ 1,581,301**	**$ 1,661,843**	$ 1,067,101	$ 1,119,241
Cross-currency interest rate exchange agreements	**(60,958)**	**(82,789)**	(59,265)	(95,551)
	$ 1,520,343	**$ 1,579,054**	$ 1,007,836	$ 1,023,690

Fair value estimates are made at a specific point in time, based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

b. Other disclosures

i. The credit risk of the interest rate exchange agreements and cross-currency interest rate exchange agreements arises from the possibility that the counterparties to the agreements may default under their obligations in instances where those agreements have a positive fair value to the Company. The Company assesses the credit worthiness of the counterparties in order to minimize the risk of counterparty default under the agreements. Currently, all of the portfolio is held by financial institutions with a Standard & Poors rating (or the equivalent) in the AA range.

ii. The Company does not require collateral or other security to support the credit risk associated with the interest rate exchange agreements and cross-currency interest rate exchange agreements due to the Company's assessment of the credit worthiness of the counterparties.

iii. The maximum accounting loss that the Company would incur if the counterparties to the cross-currency interest rate exchange agreements failed completely to perform according to the terms of the agreements is approximately $60,958,000 at December 31, 1996.

iv. The Company does not have any significant concentrations of credit risk related to any financial asset.

15. Commitments

a. The Company is committed, under the term of its licensing agreement, to spend 2% of certain revenues earned in each year on research and development activities as defined by Industry Canada.

b. The Company is committed, under the terms of its brand licence agreement with AT&T, to make minimum annual royalty payments based on certain revenues at varying rates, with a minimum of $5,000,000 per year.

c. The future minimum lease payments under operating leases for the rental of premises, distribution facilities, equipment and microwave towers as at December 31, 1996 are as follows:

(In thousands of dollars)

Year ending December 31:	
1997	$ 24,700
1998	24,601
1999	24,515
2000	14,113
2001	14,928
2002 and subsequent years	57,937
	$ 160,794

Rent expense for 1996 amounted to $27,199,000 (1995 – $23,215,000).

16. Contingent liabilities

There exist certain legal actions against the Company, none of which is expected to have a material adverse effect on the consolidated financial position of the Company.

17. Canadian and United States accounting policy differences

These consolidated financial statements have been prepared in accordance with generally accepted accounting principles ("GAAP") as applied in Canada. In certain respects, GAAP as applied in the United States differs from that applied in Canada.

If United States GAAP were employed, the loss for the year would be adjusted as follows:

(In thousands of dollars)	1996	1995
Loss for the year based on Canadian GAAP	$ (67,611)	$ (42,913)
Amortization of goodwill (b)	(19,269)	(19,269)
Development costs capitalized (d)	–	(930)
Foreign exchange (e)	5,133	19,998
Loss on early repayment of long-term debt (f)	27,141	–
Depreciation expense (g)	(408)	(408)
Loss for the year based on United States GAAP	$ (55,014)	$ (43,522)
Weighted average number of shares under United States GAAP	94,034	93,894
Weighted average loss per share under United States GAAP:		
Before extraordinary items (f)	$ (0.19)	$ (0.46)
After extraordinary items	$ (0.59)	$ (0.46)

Condensed consolidated balance sheets prepared in accordance with United States GAAP are as follows:

December 31, 1996 (In thousands of dollars)	Canadian GAAP	Adjustments	United States GAAP
Assets:			
Fixed assets	$ 1,320,588	$ 6,137 (c)	$ 1,322,317
		(1,673) (d)	
		(2,735) (g)	
Goodwill	22,451	770,757 (a)	640,662
		(152,546) (b)	
Other assets	420,878	(3,582) (d)	395,258
		(22,038) (e)	
	$ 1,763,917		$ 2,358,237
Liabilities	$ 1,905,124		$ 1,905,124
Shareholders' equity (deficiency)	(141,207)	770,757 (a)	453,113
		(152,546) (b)	
		6,137 (c)	
		(5,255) (d)	
		(22,038) (e)	
		(2,735) (g)	
	$ 1,763,917		$ 2,358,237

December 31, 1995 (In thousands of dollars)	Canadian GAAP	Adjustments	United States GAAP
Assets:			
Fixed assets	$ 963,171	$ 6,137 (c) (1,673) (d) (2,327) (g)	$ 965,308
Goodwill	23,842	770,757 (a) (133,277) (b)	661,322
Other assets	303,697	(3,582) (d) (54,312) (e)	245,803
	$ 1,290,710		$ 1,872,433
Liabilities	$ 1,396,862		$1,396,862
Shareholders' equity (deficiency)	(106,152)	770,757 (a) (133,277) (b) 6,137 (c) (5,255) (d) (54,312) (e) (2,327) (g)	475,571
	$ 1,290,710		$ 1,872,433

The areas of material difference between Canadian and United States GAAP and their impact on the consolidated financial statements are described below:

a. "Push-down" accounting

Under United States GAAP, purchase transactions that result in an entity becoming a wholly owned subsidiary establish a new basis of accounting for the entity purchased and its assets and liabilities. As a result of RCI's acquisition of 100% of the Company in January 1989, the Company must record as an asset, in its consolidated financial statements, the amount of goodwill that was recorded on the consolidated financial statements of RCI. As this acquisition was financed principally by the parent company with proceeds from other asset sales, the corresponding adjustment for the assets recorded was an increase in shareholders' equity.

At the time of the acquisition by RCI, Canadian GAAP did not permit a subsidiary company to alter the historical costs of its assets or liabilities upon it being acquired.

b. Amortization of goodwill

As a result of the "push-down" accounting described in (a) above, the Company is required under United States GAAP to amortize the amount recorded as goodwill. The Company is amortizing this amount under United States GAAP over 40 years on a straight line basis.

c. Interest capitalization

Prior to 1991, the Company did not capitalize interest as a cost of assets under construction. United States GAAP requires capitalization of interest costs as a part of the historical cost of acquiring certain qualifying assets which require a period of time to prepare for their intended use. Interest is capitalized only during the period the assets are under construction.

d. Development costs

Canadian GAAP permits the capitalization of certain internal costs related to the development of new businesses. Under United States GAAP, such development costs would be charged to expense as incurred.

e. Foreign exchange

United States GAAP requires that gains and losses on foreign exchange resulting from the translation of long-term debt denominated in United States dollars be charged to income and expense when incurred. Canadian GAAP permits the amortization of foreign exchange gains or losses over the remaining life of the long-term debt.

f. Loss on early repayment of long-term debt

Under United States GAAP, the loss on early repayment of long-term debt would be reduced by the write-off of deferred foreign exchange in the amount of $27,141,000. In addition, the loss would be classified as an extraordinary item for United States GAAP purposes.

g. Depreciation expense

As a result of the capitalization of interest to fixed assets required under United States GAAP described in (c) above, under United States GAAP, additional depreciation on the interest capitalized will be recorded in later periods.

h. Operating income before depreciation and amortization

United States GAAP requires that depreciation and amortization and the write-down of digital telephones and provision for store closures be included in the determination of operating income and does not permit the disclosure of a subtotal of the amount of operating income before these items. Canadian GAAP permits the disclosure of a subtotal of the amount of operating income before the items referred to above.

i. Income taxes

United States GAAP requires that deferred income taxes be accounted for under the liability method, whereas Canadian GAAP requires the use of the deferral method. The difference between these two methods does not have a material effect on the amount of deferred income taxes recorded in the consolidated financial statements.

The Company has net taxable temporary differences, as defined under United States GAAP, of approximately $59,000,000 at December 31, 1996, primarily related to scientific research and development expenditures and the excess of depreciation of fixed assets claimed for income tax purposes over depreciation expense for accounting purposes. In addition, the Company has incurred losses for income tax purposes in the amount of approximately $432,000,000 at December 31, 1996. United States GAAP requires that in order to record the tax effect of the losses, the realization of the losses must be more likely than not. The Company has recorded a deferred tax asset which has been reduced by a valuation allowance so that the net deferred tax asset is equal to the deferred tax liability arising from the net taxable temporary differences. This results in no amount of deferred income taxes being recorded on the consolidated balance sheet for United States GAAP purposes.

j. Statement of changes in financial position

The following disclosure of cash flows provided by operating activities of the Company for 1996 and 1995 have been prepared in accordance with United States GAAP in conformity with the Financial Accounting Standards Board ("FASB") Statement Number 95, Statement of Cash Flows.

(In thousands of dollars)	1996	1995
Loss before extraordinary items for the year	$ (17,591)	$ (43,522)
Adjustments to reconcile the loss for the year to net cash provided by operating activities:		
Depreciation and amortization	220,271	210,777
Write-down of digital telephones and provision for store closures	20,323	–
Write-down of investment in Claircom	–	34,026
Foreign exchange loss (gain)	1,330	(10,341)
Changes in assets and liabilities:		
Increase in accounts receivable	(48,202)	(34,759)
Increase in other assets	(128,312)	(70,794)
Increase in accounts payable and accrued liabilities and unearned revenue	35,779	84,800
Increase (decrease) in amounts due from parent and affiliated companies, net	(10,283)	11,474
Net cash provided by operating activities	$ 73,315	$ 181,661

Additional differences between Canadian and United States GAAP relating to the statement of changes in financial position are as follows:

i. Canadian GAAP permits the disclosure in the consolidated statements of changes in financial position of a subtotal of the amount of funds provided by operations before changes in non-cash working capital items. United States GAAP does not permit this subtotal to be included.

ii. United States GAAP requires that the amount of interest and taxes paid during each fiscal year be disclosed. There is no requirement to disclose this information under Canadian GAAP. The amounts of interest and taxes paid during 1996 amounted to $117,923,000 and $8,239,000, respectively (1995 – $112,304,000 and $4,566,000, respectively).

iii. Canadian GAAP permits operating bank loans and bank advances to be included in the determination of cash or cash equivalents in the consolidated statements of changes in financial position. United States GAAP requires that operating bank loans and bank advances be reported as financing cash flows. As a result, under United States GAAP, the operating bank loans and bank advances at the beginning and at the end of the year as reflected in the consolidated statements of changes in financial position would be reported as cash flows under the heading "Financing" in the statement. Under United States GAAP, the funds provided by financing activities for 1996 would be decreased by $5,040,000 and, would be decreased by $2,371,000 for 1995.

iv. Under United States GAAP, the non-cash issue of warrants in the amount of $32,500,000 in 1996 would not be included in the statement of changes in financial position as a financing or operating activity, resulting in an increase in the amount of net cash provided by operating activities.

k. Recent accounting pronouncements

The FASB in the United States has issued pronouncements entitled "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of" and "Accounting for Stock-Based Compensation".

The adoption of the pronouncement regarding "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of" and "Accounting for Stock-Based Compensation" in 1996 for United States GAAP purposes have not resulted in a significant impact on the consolidated balance sheet or the consolidated statement of income for 1996.

l. Selected financial data – U.S. dollars

The following is a summary of certain financial data of the Company prepared in accordance with United States GAAP and expressed in United States dollars. The balance sheet data has been translated at CDN$1.00 = US$0.7301 (1995 – CDN$1.00 = US$0.7325). The statement of income data and cash flow data has been translated at CDN$1.00 = US$0.7330 (1995 – CDN$1.00 = US$0.7293).

Balance sheet data:

(In thousands of U.S. dollars)	1996	1995
Fixed assets	$ 965,424	$ 707,088
Total assets	1,721,749	1,371,557
Long-term debt	1,110,002	738,240
Shareholders' equity	330,817	348,356

Statement of income data:

(In thousands of U.S. dollars)	1996	1995
Revenue	$ 808,392	$ 656,021
Operating income before the following items	250,878	223,169
Depreciation and amortization	162,917	153,719
Write-down of digital telephones and provision for store closures	14,896	–
Operating income	73,065	69,450
Loss for the year	(40,325)	31,741

Other data:

(In thousands of U.S. dollars)	1996	1995
Net cash provided by operating activities	$ 53,740	$ 132,485

Corporate Commitments

As Canada's only nationally licensed cellular provider with a network extending from the Atlantic to the Pacific, the need for people to communicate quickly and easily has become the driving force behind incredible technological advancements, network expansion and customer service improvements.

Throughout it all, the importance of our stakeholders plays a critical role in shaping the way we do business. Whether they are customers, employees, or shareholders, Cantel recognizes the significance of contributing to the communities where our stakeholders live and work and is committed to understanding and meeting or exceeding their expectations. Fostering this relationship is critical to our success and to do so, we must constantly strive to maintain our commitment as a trusted, forward-thinking organization.

For our customers, we are committed to offering excellent service, extensive coverage, innovative products and superior support at a price that reflects good value.

For our employees, we are committed to providing rewarding career opportunities, competitive compensation and an open and stimulating work environment that welcomes diversity and fully endorses equity in the workplace.

For our shareholders, recognizing the importance of their confidence and support, we are committed to offering gratifying returns and the potential to grow with Cantel as the wireless industry fulfills its promise.

For our communities across Canada, we look to further understanding and reflecting the diversity of communities that we serve through a variety of sponsorship initiatives:

- Our Atlantic regional offices have donated free cellular phones and airtime packages to a variety of charities including the *Children's Wish Foundation* in Halifax, *Big Brothers* and *Big Sisters* organizations in New Brunswick and the *St. John's Foodbank* in Newfoundland.
- During the recent catastrophic floods in the Saguenay region of Quebec, Cantel offices in Montreal played an integral role in ensuring that both the citizens and the armed forces in the area were able to use Cantel cellular service. Cantel flew in technicians and communication supplies by helicopter and created a special service plan for those unfortunate victims of the flood that would not see the re-establishment of landline telephone service to their homes for several months.
- Cantel offices in Quebec also initiated a series of events to raise funds for the *Mira Foundation*, which trains dogs for the visually impaired.
- Ontario offices have done tremendous work with the *Ontario Provincial Police* in promoting cellular safety on the roads. In November 1996, Ontario offices sponsored the *Mon Sheong Foundation's Cathay Ball*, whose fund raising efforts assisted the construction of an additional wing at the *Mon Sheong Home for Seniors*.
- Cantel's Midwest offices donated cellular phone and airtime packages to charities including the *Heart & Stroke Foundation*, the *Manitoba Schizophrenia Society* and the *Junior Achievement of Northern Saskatchewan*.
- *The Children's Wish Foundation* and *Banff Television Festival* in Alberta were beneficiaries of similar cellular packages courtesy of the Cantel offices in Alberta.
- Through a variety of Christmas and summertime promotions, offices in British Columbia have donated to CKNW's *Orphan's Fund* as well as to the *Vancouver Food Bank, B.C. Children's Hospital* and the *Canadian Cancer Society*.

A number of initiatives are undertaken by Cantel offices across the country. Of particular note is the successful fundraising drive organized by employees for the United Way. In 1996, all offices participated in the Cantel Colour Your City promotion, which benefitted the *Children's Wish Foundation*. Cantel Calling Crews travelled to cities across Canada asking people to vote for the colour – selecting from an array of Nokia coloured cellular phones – that best described their city. Based on these results, the phone, in the colour voted most popular from each participating region, was donated to the local chapter of the *Children's Wish Foundation*, along with 100 free minutes each month for the next year.

Statement of Corporate Governance Practices

The Board of Directors of the Corporation (the "Board") believes that sound corporate governance practices ("Corporate Governance Practices") are important to the well-being of the Corporation and its shareholders and that these practices should be reviewed regularly to ensure that they are appropriate. A description of the Corporation's Corporate Governance Practices is set out below. This statement of Corporate Governance Practices was prepared by the Nominating and Corporate Governance Committee of the Board and approved by the Board.

The bylaws of The Toronto Stock Exchange and a policy statement of the Montreal Exchange require that this statement of Corporate Governance Practices relates the Corporate Governance Practices of the Board to the "Guidelines for Improved Corporate Governance" contained in the December 1994 report of The Toronto Stock Exchange Committee on Corporate Governance in Canada (the "TSE Report"). The headings which appear below address the principal matters relating to the Corporation's Corporate Governance Practices in the context of the Guidelines in the TSE Report.

In this statement, the term "unrelated director" has the meaning given to it in the TSE Report – a director who is independent of management and is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act with a view to the best interest of the Corporation, other than interests arising from shareholding. The term "related director" means a director who is not an unrelated director.

For the purposes of the TSE Report, a director is classified as "related" or "unrelated" for all purposes, irrespective of the particular matter before the Board and the nature of the relationship of the director to the Corporation.

Mandate of the Board

The Board has explicitly assumed responsibility for the stewardship of the Corporation including the matters specifically referred to in the TSE Report. The Board discharges its responsibilities either directly or through its committees. There were four regularly scheduled Board meetings during 1996, together with three additional meetings of the full Board. Seven meetings of the Board are currently scheduled for 1997. In addition, during two of these meetings, the Board will meet without members of management being present.

Frequency of Board meetings as well as the nature of agenda items change depending on the state of the Corporation's affairs and in light of opportunities or risks which the Corporation faces.

Composition of the Board

The Board is composed of 16 members, of whom only two are members of the Corporation's management. The Board believes eleven directors are unrelated directors and the remainder (including the two directors who are members of management) are related directors, within the definitions in the TSE Report. Accordingly, the Board is constituted with a majority of individuals who qualify as unrelated directors, within the meaning of the TSE Report. In deciding whether a particular director is a related director or an unrelated director, the Board examined the factual circumstances of each director's relationship to management and the Corporation and considered them in the context of many factors, including the broad definitions in the TSE Report.

Reflection of Interests of Shareholders in Board Composition

The Corporation is controlled by RCI which, directly or indirectly, owns shares representing approximately 97.6% of the votes attached to all voting shares of the Corporation and approximately 80% of the total outstanding number of equity shares of the Corporation and is a "significant shareholder" within the meaning of that term in the TSE Report.

The Board believes that six of the unrelated directors (or 37.5% of the total number of directors) do not have any interests in or relationships with either the Corporation or the significant shareholder or any of its affiliates. Three of these unrelated directors are elected by holders of Class B Subordinate Voting Shares, voting separately as a class.

The Board believes that the current composition of the Board is appropriate given the structure of the Corporation's share capital and does believe that the five unrelated directors do ensure that the views of shareholders other than the significant shareholder are brought to the Board. The Board also believes that the composition of the full Board that includes 14 directors who are not part of the management of the Corporation and the other Corporate Governance Practices that the directors have adopted also serve this purpose. Such practices include meetings of the Board without directors and officers who are members of management being present and the establishment of the Nominating and Corporate Governance Committee and the other committees of the Board and their respective mandates.

The Board also believes that it is not in the best interest of the shareholders of the Corporation to either increase the size of the Board or, alternatively, reduce the number of the directors who are related to the significant shareholder or its affiliates. The Board believes that all of the directors on the Board act objectively with a view to the best interest of the Corporation and make a valuable contribution to the Board and the Corporation for the benefit of all the shareholders including shareholders other than the significant shareholder.

Independence from Management

Mr. Stanley J. Kabala is the Chief Executive Officer of the Corporation and serves as a director. Mr. Edward S. Rogers, O.C. is the Chairman of the Board and has the responsibility to ensure that the Board discharges its responsibilities. The Chairman oversees the preparation of the agenda for each Board meeting and ensures that an extensive information package is sent to each director in advance of the meeting.

Board Committees

The Board has four committees: the Audit Committee, the Management Compensation Committee, the Executive Committee and the Nominating and Corporate Governance Committee. From time to time ad hoc committees of the Board are appointed to deal with specific matters. In the past, a special committee of directors has been appointed to consider material transactions between the Corporation and affiliates of the Corporation.

Audit Committee

The Audit Committee is composed of a majority of unrelated directors and does not include any members of management. The committee is responsible for reviewing the Corporation's financial reporting procedures, internal controls and information systems and the performance of the Corporation's external auditors. The committee is also responsible for reviewing quarterly financial statements and the annual financial statements prior to their approval by the full Board. The Audit Committee met five times in 1996. Its members were Messrs. Morrissette, Emerson, Peterson, Ricketts and Smith.

Management Compensation Committee

The Management Compensation Committee is composed of an equal number of related and unrelated directors. The committee makes recommendations to the Board on, amongst other things, the compensation of senior executives. The committee also reviews the Corporation's succession plans. The committee met three times in 1996. Its members were Messrs. Roberts, Emerson, Hull and Smith.

Executive Committee

The Executive Committee is composed of a majority of related directors. The Executive Committee has delegated to it all of the powers that may be delegated to an Executive Committee under the Corporation's incorporating statute being the *Canada Business Corporations Act*. During 1996, its members were Messrs. Emerson, Fierheller, Hull, Kabala, and Rogers. The Corporation's Executive Committee met once and the Executive Committee of its subsidiary, Rogers Cantel Inc., met three times in 1996.

Nominating and Corporate Governance Committee

The Nominating and Corporate Governance Committee is composed of a majority of related directors. It is responsible for making recommendations to the full Board with respect to developments in the area of corporate governance and the practices of the Board. The committee is also responsible for reporting to the Board with respect to appropriate candidates for nomination for election to the Board, for providing an orientation program for new directors and for evaluating the performance of the Board as a whole, its committees and the contribution of each individual director. Its members were Messrs. Emerson, Hull and Rogers. The Committee met once in 1996.

Decisions Requiring Board Approval

In addition to those matters which must by law be approved by the Board, management is also required to seek Board approval for any unbudgeted expenditure in excess of $5 million. Management is also required to obtain Board approval before entering into any major strategic initiative or any venture which is outside the Corporation's existing businesses.

Board Performance

As noted earlier, the Nominating and Corporate Governance Committee has the mandate to recommend to the Board nominees for election as Board directors and for evaluating the performance of the Board as a whole, its committees and the contributions of each director.

It is the responsibility of the Chairman of the Board to ensure the effective operation of the Board in fulfilling its mandate including its duties and objectives. At least one Board meeting each year is planned to be held at a site other than the Corporation's head office, with a view to permitting the directors to better understand the Corporation's businesses.

Shareholder Feedback

RCI maintains an Investor Relations department and this department provides investor relations services to the Corporation which the Board believes are important and highly effective. Every shareholder inquiry receives a prompt response from the Investor Relations department or an appropriate officer of the Corporation.

Board's Expectations of Management

The information which management provides to the Board is critical. Directors must have confidence in the data gathering, analysis and reporting functions of management. The Chairman of the Board and the Nominating and Corporate Governance Committee of the Board monitor the nature of the information requested by and provided to the Board by management so that it is able to determine if the Board can be more effective in identifying problems and opportunities for the Corporation.

Periodically the Board meets without the presence of directors and officers who are members of management of the Corporation. Two such meetings are scheduled during 1997.

The Chief Executive Officer has provided a detailed job description for the office of the Chief Executive which specifically outlines his responsibilities. This job description has been approved by the Board. The Chief Executive Officer's written objectives for the current year have been reviewed and approved by the Management Compensation Committee.

Directors and Officers

Directors

H. Garfield Emerson, Q.C.† * ‡ ◆
President and
Chief Executive Officer
Rothschild Canada Limited

George A. Fierheller*
President
Four Halls Inc.

The Hon. Francis Fox, P.C., Q.C.
Senior Partner
Martineau, Walker

Albert Gnat, Q.C.
Senior Partner
Lang Michener

James C. Grant
President
C.G. James & Associates

Steven W. Hooper
Chief Executive Officer
and President
AT&T Wireless Services

Thomas I. Hull* ‡ ◆
Chairman and
Chief Executive Officer
The Hull Group Inc.

Stanley J. Kabala*
Chief Executive Officer
Rogers Cantel Mobile
Communications Inc.

Pierre L. Morrissette†
President and
Chief Executive Officer
Pelmorex Inc.

The Hon. David R. Peterson,
P.C., Q.C.†
Senior Partner
Cassels, Brock & Blackwell

John F. Ricketts, C.A.†
Company Director

Richard D. Roberts‡
President
The Barnacle Group

Edward S. Rogers, O.C.* ◆
President and
Chief Executive Officer
Rogers Communications Inc.

Lisa A. Rogers
Company Director

Loretta A. Rogers
Company Director

Robert Smith† ‡
President
Newmark Capital Limited

† Audit Committee
* Executive Committee
‡ Compensation Committee
◆ Nominating and Corporate Governance Committee

Corporate Officers

Edward S. Rogers, O.C.
Chairman

Stanley J. Kabala
Chief Executive Officer

John W. Graham, Q.C.
Chairman Emeritus

The Hon. Francis Fox, P.C., Q.C.
Deputy Chairman

H. Garfield Emerson, Q.C.
Vice Chairman

George A. Fierheller
Honorary Chairman

Robert F. Berner
Vice President and
Chief Technology Officer

Leonard M. Katz
Senior Vice President, External Affairs

John D. Maduri, C.A.
Senior Vice President, Finance and
Planning and Chief Financial Officer

Michael E. Mullagh
President and
Chief Operating Officer

Paul W. Nelson
Vice President, Information Technology
and Chief Information Officer

Operating Management

Paul C. Allamby
Vice President
Customer Based Management

Francine Asselin
Vice President
Call Centre Operations

E. Michael Boudreau
Vice President and
General Manager, Atlantic

Bryan W. Boyd
Vice President
National Sales and Distribution

Donald B. Burt
Vice President
Human Resources

Stephen H. Edmondson
Vice President
Customer Service

Richard M. Giel, C.A.
Vice President
Finance Paging and Data

Robert J. Guignard, C.A.
Vice President
Strategic Planning

P. Michael Hanley
Vice President
Credit Operations

Gregory J. Henderson, C.A.
Vice President
Controller

L. George Hennings
Vice President and
General Manager, Ontario

Brendan T. Hughes
Vice President and
General Manager, Alberta

Christine L. King
Vice President
Program Management

Pierre Leduc
Vice President and
General Manager, Quebec

Darryl E. Levy
Vice President and
General Manager, Midwest

Robert G. MacKenzie
Vice President
Digital/PCS

Graeme H. McPhail
Vice President
Assistant General Counsel

David O. Neale
Vice President
Wireless Data

Paul V. Pogor
Vice President
National Retail Accounts

Edward S. Rogers, Jr.
Vice President and
General Manager, Paging

Gordon H. Rushforth
Vice President
Network Operations

Terry J. Russell
Vice President
Paging Sales

James M. Smith
Vice President
Engineering

Kent P. Thexton
Vice President
Marketing

Larry M. Valley
Vice President
Call Centre Operations

Janice E. Wagner
Vice President
Customer Service Planning

Corporate Information

Cantel Offices

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600, boul. de Maisonneuve ouest
34e étage
Montréal (QC) H3A 3J2
(514) 340-7400

Toronto – Executive Office
One Mount Pleasant Road
Toronto, ON M4Y 2Y5
(416) 935-1100

Halifax
905–6080 Young Street
Halifax, NS B3K 5L2
(902) 453-1400

Vancouver
Rogers Cantel Tower
1600–4710 Kingsway
Burnaby, BC V5H 4M5
(604) 431-1400

Calgary
112–4th Avenue S.W., #1810
Calgary, AB T2P 0H3
(403) 265-1400

Winnipeg
1506–330 Portage Avenue
Winnipeg, MB R3C 0C4
(204) 942-1400

Annual and Special Meeting

The Annual and Special Meeting of Rogers Cantel Mobile Communications Inc. will be held at 10:30 a.m. (Toronto time) Thursday, May 1, 1997 at the News Theatre, 98 The Esplanade, Toronto, Ontario.

Agent Bank

The Bank of Nova Scotia

Auditors

KPMG

Common Shares

The Class B Subordinate Voting Shares are traded on the Toronto, Montreal, Alberta and Vancouver stock exchanges and through the New York Stock Exchange.
In Canada, RCM.B; NYSE, RCN: CUSIP #775102106.
Transfer Agent:
Montreal Trust Company of Canada (416) 981-9633 or 1-800-663-9097
and The Bank of Nova Scotia Trust Company of New York
(212) 225-5438

Rogers Cantel Inc. Bonds

Senior Secured Notes due 2006
CUSIP #775101 AA6
Trustees & Transfer Agents:
The Chase Manhattan Bank
1-800-648-8380
The R-M Trust Company
1-800-387-0825

Senior Secured Debentures due 2008
CUSIP #775101 AB4
Trustees & Transfer Agents:
The Chase Manhattan Bank
1-800-648-8380
The R-M Trust Company
1-800-387-0825

Senior Secured Debentures due 2016
CUSIP #775101 AC2
Trustees & Transfer Agents:
The Chase Manhattan Bank
1-800-648-8380
The R-M Trust Company
1-800-387-0825

Senior Subordinated Guaranteed Notes due 2002
CUSIP #775103AB0
Trustee & Transfer Agent:
Bank of Montreal Trust Company
(212) 701-7652

For Further Information

Institutional investors, security analysts and others who want financial information about Rogers Cantel should write, call, or fax:

David A. Robinson
Vice President, Investor Relations

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Toronto, ON M5H 3Y2
(416) 864-2348
Fax (416) 864-2365

On pourra se procurer le texte français de ce rapport annuel en communiquant avec David A. Robinson en téléphonant (416) 864-2348.

For all media inquiries, please contact Carleen Carroll, Director, Corporate Communications at (416) 935-7320.

CANTEL